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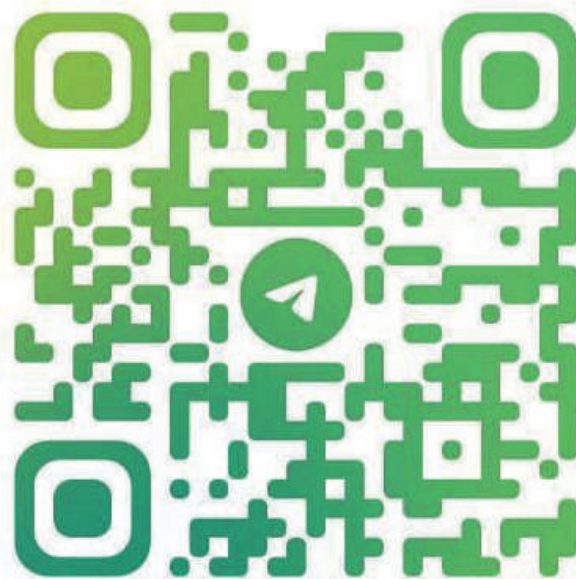
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SECTION A: INCOME-TAX LAW

1

BASIC CONCEPTS

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	-	-	-	-	-		
RTP	-	-	-	-	-	-		
ICAI Booklet	Q1-Q7	-	-	-	-	-		

ICAI BOOKLET

1. The tax liability of Mr. Saral, a resident, who attained the age of 60 years on 01.04.2022 and does not opt for the provisions of section 115BAC for the P.Y. 2021 -22, on the total income of ₹ 5,60,000, comprising of salary income and interest on fixed deposits would be

- (a) ₹ 9,880 (b) ₹ 22,880 (c) ₹ 25,480 (d) Nil

Answer: (b)

2. The tax liability of Nirlep Co-operative Society (does not opt to pay tax under section 115BAD) on the total income of ₹90,000 for P.Y. 2021-22 is

- (a) ₹ 24,000 (b) ₹ 28,080 (c) Nil (d) ₹ 24,960

Answer: (d)

3. What is the amount of marginal relief available to Sadvichar Ltd., a domestic company, on the total income of ₹ 10,03,50,000 for P.Y. 2021 -22 (comprising only of business income) whose turnover in P.Y. 2019-20 is ₹ 450 crore, paying tax as per regular provisions of Income-tax Act? Assume that the company does not exercise option under section 115BAA.

- (a) ₹ 9,98,000 (b) ₹ 12,67,600 (c) ₹ 3,50,000 (d) ₹ 13,32,304

Answer: (b)

4. The tax payable by Dharma LLP on total income of ₹ 1,01,00,000 for P.Y. 2021-22 is

- (a) ₹ 35,29,340 (b) ₹ 32,24,000 (c) ₹ 33,21,500 (d) ₹ 31,51,200

Answer: (b)

5. Mr. Raman, aged 64 years, was not able to provide satisfactory explanation to the Assessing Officer for the investments of ₹ 7 lakhs not recorded in the books of accounts. What shall be the tax payable by him on the value of such investments considered to be deemed income as per section 69?

- (a) ₹ 2,18,400 (b) ₹ 55,000 (c) ₹ 5,46,000 (d) ₹ 54,600

Answer: (c)

6. Mr. Mahesh is found to be the owner of two gold chains of 50 gms each (value of which is ₹ 1,45,000 each) during the financial year ending 31.3.2022 which are not recorded in his books of account and he could not offer satisfactory explanation for the amount spent on acquiring these gold chains. As per section 115BBE, Mr. Mahesh would be liable to pay tax of

- (a) ₹ 1,80,960 (b) ₹ 2,26,200 (c) ₹ 90,480 (d) ₹ 1,23,958

Answer: (b)

7. Mr. Ajay is a recently qualified doctor. He joined a reputed hospital in Delhi on 01.01.2022. He earned total income of ₹ 3,40,000 till 31.03.2022. His employer advised him to claim rebate u/s 87A while filing return of income for A.Y. 2022-23. He approached his father, a tax professional, to enquire regarding what is rebate u/s 87A of the Act. What would have his father told him?

- (i) An individual who is resident in India and whose total income does not exceed ₹ 5,00,000 is entitled to claim rebate under section 87A.
- (ii) An individual who is resident in India and whose total income does not exceed ₹ 3,50,000 is entitled to claim rebate under section 87A.

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- (iii) Maximum rebate allowable under section 87A is ₹ 5,000.
- (iv) Rebate under section 87A is available in the form of exemption from total income.
- (v) Maximum rebate allowable under section 87A is ₹ 12,500.
- (vi) Rebate under section 87A is available in the form of deduction from basic tax liability.

Choose the correct option from the following:

- (a) (ii), (iii), (vi)
- (b) (i), (v), (vi)
- (c) (ii), (iii), (iv)
- (d) (i), (iv), (v)

Answer: (b)

Scribble 



2

RESIDENCE AND SCOPE OF TOTAL INCOME

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	Q15	-	-	-	-		Q13
RTP	-	-	-	Q16	-	Q9	Q5	
ICAI Booklet	Q1-Q17	-	-	-	-	-		

ICAI BOOKLET

1. If Anirudh, a citizen of India, has stayed in India in the P.Y. 2021-22 for 181 days, and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y. 2022-23 would be

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Answer: (b)

2. Raman, a citizen of India, was employed in Hindustan Lever Ltd. He resigned on 27.09.2021. He received a salary of ₹ 40,000 p.m. from 1.4.2021 to 27.9.2021 from Hindustan Lever Ltd. Thereafter he left for Dubai for the first time on 1.10.2021 and got salary of rupee equivalent of ₹ 80,000 p.m. from 1.10.2021 to 31.3.2022 in Dubai. His salary for October to December 2021 was credited in his Dubai bank account and the salary for January to March 2022 was credited in his Mumbai account directly. He is liable to tax in respect of

- (a) income received in India from Hindustan Lever Ltd.
- (b) income received in India and in Dubai.
- (c) income received in India from Hindustan Lever Ltd. and income directly credited in India.
- (d) income received in Dubai.

Answer: (b)

3. Mr. Suhaan (aged 35 years), a non-resident, earned dividend income of ₹12,50,000 from an Indian company which was declared on 30.09.2021 and credited directly to his bank account on 05.10.2021 in France and ₹ 15,000 as interest in saving A/c from State Bank of India for the previous year 2021-22. Assuming that he has no other income, what will be amount of income chargeable to tax in his hands in India for A.Y. 2022-23?

- (a) ₹2,55,000
- (b) ₹12,65,000
- (c) ₹12,50,000
- (d) ₹12,55,000

Answer: (d)

4. Aashish earns the following income during the P.Y. 2021-22:

- Interest on U.K. Development Bonds (1/4th being received in India): ₹4,00,000
- Capital gain on sale of a building located in India but received in Holland: ₹6,00,000

If Aashish is a resident but not ordinarily resident in India, then what will be amount of income chargeable to tax in India for A.Y. 2022-23?

- (a) ₹ 7,00,000
- (b) ₹ 10,00,000
- (c) ₹ 6,00,000
- (d) ₹ 1,00,000

Answer: (a)

5. Mr. Sumit is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Chennai on 25th April, 2021. From the following details for the P.Y. 2021-22, what would be the residential status of Mr. Sumit for A.Y. 2022-23, assuming that his stay in India in the last 4 previous years preceding P.Y. 2021-22 is 365 days and last seven previous years preceding P.Y. 2021-22 is 730 days?

- Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Sumit : 25th April, 2021
- Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Sumit: 24th October, 2021

Mr. Sumit has been filing his income tax return in India as a resident for the preceding 2 previous years. (NOV 2019 RTP)

- (a) Resident and ordinarily resident
- (b) Resident but not-ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not-ordinarily resident

Answer: (a)

6. Mr. Square, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during the F.Y. 2021 -22 was 135 days. He is not liable to pay any tax in Dubai. Following are his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
2020-21	100
2019-20	125
2018-19	106
2017-18	83
2016-17	78
2015-16	37
2014-15	40

What shall be his residential status for the P.Y. 2021 -22 if his total income (other than income from foreign sources) is ₹ 10 lakhs?

- (a) Resident but not ordinary resident
- (b) Resident and ordinary resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Answer: (c)

7. Dividend income from Australian company received in Australia in the year 2020, brought to India during the P.Y. 2021 -22 is taxable in the A.Y. 2022 -23 in the case of

- (a) resident and ordinarily resident only
- (b) both resident and ordinarily resident and resident but not ordinarily resident
- (c) non-resident
- (d) None of the above

Answer: (d)

8. Mr. Ramesh, a citizen of India, is employed in the Indian embassy in Australia. He is a non-resident for A.Y. 2022-23. He received salary and allowances in Australia from the Government of India for the year ended 31.03.2022 for services rendered by him in Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?

- (a) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr. Ramesh, since he is non-resident.
- (b) Salary, allowances and perquisites received outside India by Mr. Ramesh are taxable in India since they are deemed to accrue or arise in India.
- (c) Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt.
- (d) Salary received by Mr. Ramesh is exempt in India but allowances and perquisites are taxable.

Answer: (c)

9. Mr. Nishant, a resident but not ordinarily resident for the previous year 2020-21 and resident and ordinarily resident for the previous year 2021-22, has received rent from property in Canada amounting to ₹ 1,00,000 during the P.Y. 2020-21 in a bank in Canada. During the financial year 2021-22, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- (a) Yes; ₹ 70,000 was taxable in India during the previous year 2020-21.
- (b) Yes; ₹ 1,00,000 was taxable in India during the previous year 2020-21.
- (c) Yes; ₹ 70,000 was taxable in India during the previous year 2021-22.
- (d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-22.

Answer: (d)

10. Who among the following will qualify as non-resident for the previous year 2021-22?

- Mr. Joey, an Italian designer, came on visit to India to explore Indian handloom on 03.09.2021 and left on 15.12.2021. For past four years, he visited India for fashion shows and stayed in India for 100 days each year.
- Mr. Sanjay born and settled in Canada, visits India each year for three months to meet his parents and grandparents, born in India in 1946, living in Mumbai. His Indian income is ₹ 15,20,000.
- Mr. Chang, a Korean scientist, left India to his home country for fixed employment there. He stayed in India for study and research in medicines from 01.01.2017 till 01.07.2021.

Choose the correct answer:

- (a) Mr. Joey and Mr. Chang
- (b) Mr. Sanjay

- (c) Mr. Sanjay and Mr. Chang
- (d) Mr. Chang

Answer: (b)

11. Mr. Harry, an Indian citizen, is a marketing consultant who provides consultancy to various countries around the globe. Due to his profession, he is required to travel across various countries throughout the year. His marketing project does not last for more than 40 days and therefore his stay in any country including India usually never exceeds 40 days during a year. His income is ₹ 80 lakhs across the globe which is not liable to tax in any country. During the P.Y. 2021 - 22, an Indian company provides him a marketing project in India. His stay in India for the project is expected to be only 25 days and his income from that project would be ₹ 30 lakhs. Being a highly qualified professional, he consults you about the tax regime on his income and his residential status in India. -

- (a) He shall be treated as resident but not ordinarily resident and shall be liable to pay tax on ₹ 30 lakhs.
- (b) He shall be treated as resident and ordinarily resident and shall be liable to pay tax on ₹ 80 lakhs.
- (c) He shall be treated as non-resident and shall not be liable to any tax.
- (d) He shall be treated as resident but not ordinarily resident and shall be liable to pay tax on his entire income of ₹ 80 lakhs earned across the globe.

Answer: (a)

12. Mr. Mango, an Indian citizen, lives in New York, USA since the last 10 years. He has a penthouse in Mumbai, given on rent @2,00,000 per month. During the year 2021-22, he came to India for 152 days in aggregate. His total stay in India in the immediately preceding 4 previous years is 366 days.

You are, being the tax consultant of Mr. Mango, advise him about his residential status for the A.Y. 2022-23. -

- (a) Non-Resident
- (b) Resident but not ordinary resident
- (c) Resident and ordinary resident
- (d) Deemed resident

Answer: (b)

13. Lister Internationals Inc., a non-resident, engaged in business of selling "Good Z" appoints Mr. Risky as an agent in India for selling such product. Mr. Risky works as an agent for several other persons also including non-residents aiding them in selling their products. The appointment of Mr. Risky will - (MAY 2019 MTP)

- (a) lead to business connection in India as he is not independent agent
- (b) lead to business connection in India as he is an independent agent

- (c) not lead to business connection in India as he is not independent agent
- (d) not lead to business connection in India as he is an independent agent

Answer: (d)

14. Mr. Alex is a resident but not ordinarily resident in India for P.Y. 2021-22. He is doing job in M/s Kothari Chemicals as Accountant & earns ₹ 25,000 per month. He had no other income in India but having a vacant land in Canada which he had got from his father after his demise. He had no income from Canada also. Mr. Alex come to you for consulting whether he is required to file his return of income for A.Y. 2022-23?

- (a) Alex is not required to file his return of income as his total income does not exceed the basic exemption limit
- (b) Alex is required to file his return of income as he is beneficiary of the assets located outside India
- (c) Alex is not required to file his return of income as his total income does not exceed the basic exemption limit and he is resident but not ordinarily resident during the P.Y. 2021-22
- (d) Alex is required to file his return of income as his total income exceeds the basic exemption limit

Answer: (c)

15. Determine residential status of Sundaram (HUF) which carries out its transactions in Malaysia. Its affairs are partly controlled from India. The Karta of HUF, Mr. Sundaram who is from Chennai visits India on 01.06.2020 and leaves to Malaysia on 10.02.2021. He has not visited India for the past 11 years. – (MTP Nov 2021 Q5)

- (a) Non-resident
- (b) Resident but not ordinarily resident
- (c) Deemed resident
- (d) Resident and ordinarily resident

Answer: (b)

16. Mr. Tejas, an Indian Citizen, left India permanently with his wife and two children, for extending his retail trade business of toys in Canada in the year 2015. From Canada, he is managing his retail business of toys in India. For the purpose his Indian business, he visits India every year from 1st September to 31st January. His business income is ₹ 23.50 lakhs and ₹ 18 lakhs from retail trade business in Canada and in India, respectively for the F.Y. 2020-21. He has no other income during the P.Y. 2020-21. Determine his residential status and income taxable in his hands for the A.Y. 2021-22.

- (a) Resident and ordinarily resident in India and income of ₹ 18 lakhs and ₹ 23.50 lakhs would be taxable.
- (b) Non-Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.
- (c) Resident but not ordinarily Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.

17.2 What would be the total income of Mr. Shashikant for A.Y.2022 -23 assume that he does not opt to pay tax under section 115BAC?

- (a) ₹ 7,10,000 (b) ₹ 11,72,000 (c) ₹ 5,02,000 (d) ₹ 6,02,000

Answer: (c)

17.3. Assume for the purpose of answering this question that Mr. Shashikant has transferred his house property in Chennai to his minor married daughter on 1st April, 2021 and his wife is a housewife and does not have any income. The minor married daughter receives the rent from house property. In such case, his total income would be -

- (a) ₹ 5,00,500 (b) ₹ 6,00,500 (c) ₹ 5,02,000 (d) ₹ 6,02,000

Answer: (a)

17.4. Mr. Shashikant would like to minimize his tax liability and consulted you to compute the amount of same for the P.Y. 2021-22. Accordingly, his tax liability (rounded off) would be

- (a) ₹ 13,420 (b) ₹ 13,210 (c) ₹ 23,610 (d) ₹ 34,840

Answer: (b)

Scribble

Lined area for writing the answer.

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3

INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov-19	May-19
MTP	-	-	-	-	-	-		-
RTP	-	-	-	-	-	-	-	
ICAI Booklet	Q1-Q5	-	-	-	-	-		

ICAI Booklet

1. Which of the following income would be exempt in the hands of a Sikkimese Individual?

- (a) only income from any source in the State of Sikkim
- (b) only income by way of dividend
- (c) only income from interest on securities
- (d) All the above

Answer: (d)

2. Which of the following statements is/are true in respect of taxability of agricultural income under the Income-tax Act, 1961?

- (i) Any income derived from saplings or seedlings grown in a nursery is agricultural income exempt from tax u/s 10(1).
- (ii) 60% of dividend received from shares held in a tea company is agricultural income exempt from tax u/s 10(1).
- (iii) While computing income tax liability of an assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P. Y. exceeds ₹5,000 and the total income (including net agricultural income) exceeds ₹2,50,000.

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(iv) While computing income tax liability of an assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹5,000 and the total income (excluding net agricultural income) exceeds ₹2,50,000. Choose the correct answer:

- (a) (i) and (iii) (c) (i) and (iv)
(b) (ii) and (iii) (d) (i), (ii) and (iv)

Answer: (c)

3. XYZ Ltd. has two units, one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA). The unit in SEZ was set up and started manufacturing from 12.3.2013 and unit in DTA from 15.6.2016. Total turnover of XYZ Ltd. and Unit in DTA is ₹ 8,50,00,000 and ₹ 3,25,00,000, respectively. Export sales of unit in SEZ and DTA is ₹ 2,50,00,000 and ₹ 1,25,00,000, respectively and net profit of Unit in SEZ and DTA is ₹ 80,00,000 and ₹ 45,00,000, respectively. XYZ Ltd. would be eligible for deduction under section 10AA for P.Y. 2021 -22 for -

- (a) ₹ 38,09,524 (b) ₹ 19,04,762 (c) ₹ 23,52,941 (d) ₹ 11,76,471

Answer: (b)

4. Income derived from farm building situated in the immediate vicinity of an agricultural land (not assessed to land revenue) would be treated as agricultural income if such land is situated in – (study material page no. 3.13)

- (a) an area at a distance of 3 kms from the local limits of a municipality and has a population of 80,000 as per last census
(b) an area within 1.5 kms from the local limits of a municipality and has a population of 12,000 as per last census
(c) an area within 2 kms from the local limits of a municipality and has a population of 11,00,000 as per last census
(d) an area within 8 kms from the local limits of a municipality and has a population of 10,50,000 as per last census

Answer: (a)

CASE SCENARIO

5. Mr. Kishan is engaged in the following activities on agricultural land situated in India, total area of land is 5 acres. (ICAI BOOKLET)

Activity A: He grows saplings or seedlings in a nursery spreading over on one acre land, the sale proceeds of which is ₹ 5,00,000. Cost of plantation is ₹ 1,40,000. Basic operations are not performed for growing saplings or seedlings.

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Activity B: He grows cotton on 3 acres land. 40% of cotton produce is sold for ₹ 4,00,000, the cost of cultivation of which is ₹ 2,25,000. The cost of cultivation of balance 60% cotton is ₹ 3,37,500 and the market value of the same is ₹ 6,00,000, which is used for the purpose of manufacturing yarn. After incurring manufacturing expenses of ₹ 1,00,000, yarn is sold for ₹ 8,50,000

Activity C: Land measuring 1 acres is let out to Mr. Ramesh on monthly rental of ₹ 15,000 which is used by Mr. Ramesh as follows:

- 50% of land is used for agricultural purpose
- 50% of land is used for non-agricultural purpose.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

5.1 What amount of income arising from activity A would constitute agricultural income in the hands of Mr. Kishan?

- (a) ₹ 5,00,000 (b) Nil (c) ₹ 3,60,000 (d) ₹ 1,40,000

Answer: (a)

5.2. What amount of income from activity B with respect to sale of cotton would constitute agricultural income or/and business income in the hands of Mr. Kishan?

- (a) ₹ 1,75,000 as agricultural income
(b) ₹ 1,75,000 as business income
(c) ₹ 1,75,000 as agricultural income and ₹ 2,62,500 as business income
(d) ₹ 4,00,000 as agricultural income

Answer: (a)

5.3. What amount of the income from activity B with respect to sale of yarn constitute agricultural income or/and business income in the hands of Mr. Kishan?

- (a) ₹ 1,50,000 as agricultural income
(b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
(c) ₹ 3,37,500 as agricultural income and ₹ 1,50,000 as business income
(d) ₹ 4,12,500 as business income

Answer: (b)

5.4. What amount of income arising from activity C constitute agricultural income or otherwise in the hands of Mr. Kishan?

- (a) Whole amount of ₹ 1,80,000 would be agricultural income
- (b) Whole amount of ₹ 1,80,000 would be business income.
- (c) ₹ 90,000 would be agricultural income and ₹ 63,000 is chargeable to tax as income from house property
- (d) ₹ 90,000 would be agricultural income and ₹ 90,000 is chargeable to tax under the head "Income from Other Sources"

Answer: (d)

5.5. Compute the gross total income of Mr. Kishan for the P.Y. 2021-22, assuming he has no other source of income.

- (a) ₹ 2,40,000
- (b) ₹ 3,30,000
- (c) ₹ 5,02,500
- (d) ₹ 2,13,000

Answer: (a)

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4

HEADS OF INCOME

UNIT 1: SALARIES

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	-	-	-	-	-	-	-
RTP	-	-	-	Q6	-	-	-	-
ICAI Booklet	Q1-Q6	-	-	-	-	-	-	-

1. Anirudh stays in New Delhi. His basic salary is ₹ 10,000 p.m., D.A. (60% of which forms part of pay) is ₹ 6,000 p.m., HRA is ₹ 5,000 p.m. and he is entitled to a commission of 1% on the turnover achieved by him. Anirudh pays a rent of ₹ 5,500 p.m. The turnover achieved by him during the current year is ₹ 12 lakhs. The amount of HRA exempt under section 10(13A) is

- (a) ₹ 48,480 (b) ₹ 45,600 (c) ₹ 49,680 (d) ₹ 46,800

Answer: (a)

2. Mr. Dutta received voluntary retirement compensation of ₹ 7,00,000 after 30 years 4 months of service. He still has 6 years of service left. At the time of voluntary retirement, he was drawing basic salary ₹ 20,000 p.m.; Dearness allowance (which forms part of pay) ₹ 5,000 p.m. Compute his taxable voluntary retirement compensation, assuming that he does not claim any relief under section 89

- (a) ₹ 7,00,000 (b) ₹ 5,00,000 (c) ₹ 2,00,000 (d) Nil

Answer: (c)

3. Anand is provided with furniture to the value of ₹ 70,000 along with house from February, 2021. The actual hire charges paid by his employer for hire of furniture is ₹ 5,000 p.a. The value of furniture to be included along with value of unfurnished house for A.Y. 2022-23 is-

- (a) ₹ 5,000 (b) ₹ 7,000 (c) ₹ 10,500 (d) ₹ 14,000

Answer: (a)

4. Mr. Kashyap received basic salary of ₹ 20,000 p.m. from his employer. He also received children education allowance of ₹ 3,000 for three children and transport allowance of ₹ 1,800 p.m. Assume he is not opting to pay tax under section 115BAC. The amount of salary chargeable to tax for P.Y. 2021 -22 is –

- (a) ₹ 2,62,600 (b) ₹ 2,12,600 (c) ₹ 2,11,600 (d) ₹ 2,12,200

Answer: (b)

5. Mr. Jagat is an employee in accounts department of Bharat Ltd., a cellular company operating in the regions of eastern India. It is engaged in manufacturing of cellular devices. During F.Y. 2021 -22, following transactions were undertaken by Mr. Jagat:

- (i) He attended a seminar on "Perquisite Valuation". Seminar fees of ₹ 12,500 was paid by Bharat Ltd.
- (ii) Tuition fees of Mr. Himanshu (son of Mr. Jagat) paid to private coaching classes (not having any tie-up with Bharat Ltd.) was reimbursed by Bharat Ltd. Amount of fees was ₹ 25,000.
- (iii) Ms. Sapna (daughter of Mr. Jagat) studies in DPS Public School (owned and maintained by Bharat Ltd.). Tuition fees paid for Ms. Sapna was ₹ 750 per month by Mr. Jagat. Cost of education in similar institution is ₹ 5,250 per month.

What shall be the amount which is chargeable to tax under the head "Salaries" in hands of Mr. Jagat for A.Y. 2022-23? –

- (a) ₹ 25,000 (b) ₹ 37,500 (c) ₹ 66,500 (d) ₹ 79,000

Answer: (d)

CASE SCENARIO:

6. Mr. Sarthak, aged 38 years, working in Nobita Pvt. Limited as Senior Manager- Finance. His yearly pay slip for the financial year 2021-22 is as follows:

Earnings		Deduction	
Basic Pay	6,34,068	Employee's contribution to Provident Fund	1,14,132
Dearness allowance	1,26,814	Profession tax	2,400
HRA	3,17,040	Income-tax	2,32,830
Transport Allowance	19,200	Net Pay	13,03,848
Personal Allowance	5,09,088		
Children Education Allowance for two children	12,000		
Medical Allowance	15,000		
Bonus	20,000		
Total Earnings	16,53,210		16,53,210

- (i) His employer also contributes equivalent amount of contribution towards provident fund. (ICAI BOOKLET)
- (ii) Dearness allowance forms part of retirement benefits.
- (iii) He has intimated to his company that he would opt for 115BAC for the A.Y. 2022 -23. Consequently, he has not submitted any investment proof to company.
- (iv) He has paid ₹ 55,212 towards Mediclaim premium for his parents (aged above 65 years) by account payee cheque.
- (v) He has purchased a house of ₹ 38,00,000 during the year 2014 and taken a loan of ₹ 28,00,000 from HDFC to purchase this house. He is paying EMI of ₹ 22,835. Possession of house received on 01/04/2021. He himself is occupying this house. Total principal and interest paid for full year is ₹ 55,037 and ₹ 2,18,983, respectively, as per interest certificate received from bank for F.Y . 2021 -22.
- (vi) He has 3 children, studying in Sandalwood International School.



The following are the components of school fees paid for the Academic Session 2021-22:

School Fees Component	Child 1	Child 2	Child 3	Total
Tuition fees	30,000	37,000	40,000	1,07,000
Admission fees	20,000	-	-	20,000
Books, stationery and uniform	8,000	12,000	15,000	35,000
Infrastructure Fund	25,000	30,000	35,000	90,000
Commute cost	8,000	8,000	8,000	24,000
Activity Fees	6,000	7,000	8,000	21,000
Total Fees	97,000	94,000	1,06,000	2,97,000

- (vii) He has invested ₹ 5000 in HDFC ULIP and taken a LIC policy for his wife for ₹ 10,000.
- (viii) He has invested ₹ 12,500 and ₹ 25,000 towards NPS Tier I A/c and Tier II A/c, respectively.
- (ix) He has also donated ₹ 50,000 in PM CARES fund.
- (x) He has invested ₹ 40,000 in listed equity shares of Shaktimaan Power Solution Limited on 01/03/2021 at ₹ 200 per share and sells 100 shares at ₹ 350 per share on 01/11/2021. STT is paid both at the time of sale and purchase of these shares.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

6.1. What would be the amount of income chargeable to tax under the head "Salaries" in the hands of Mr. Sarthak for the A.Y. 2022-23?

- (a) ₹ 16,53,210 (b) ₹ 16,21,236 (c) ₹ 16,76,036 (d) ₹ 16,71,236

Answer: (c)

6.2. Whether the tax deducted at source by Nobita Pvt Ltd. on the salary paid to Mr. Sarthak based on the intimation submitted by him, is correct?

- (a) Yes, the amount of ₹ 2,32,830 deducted as tax at source is correct.
- (b) No, the correct amount of tax to be deducted at source is ₹ 2,49,920.
- (c) No, the correct amount of tax to be deducted at source is ₹ 2,42,800.
- (d) No, the correct amount of tax to be deducted at source is ₹ 2,41,300.

Answer: (b)

6.3. What would be the total income (without rounding off) of Mr. Sarthak for the A.Y. 2022-23, assume that he does not opt for section 115BAC?

- (a) ₹ 11,73,736 (b) ₹ 11,76,699 (c) ₹ 11,61,699 (d) ₹ 11,58,736

Answer: (a)

6.4. What would be tax liability of Mr. Sarthak for the A.Y. 2022-23, if he does not opt for section 115BAC?

- (a) ₹ 1,66,530 (b) ₹ 1,68,870 (c) ₹ 1,71,210 (d) ₹ 1,67,450

Answer: (b)

6.5. Assuming for the purpose of answering this question only that no contribution is made by Mr. Sarthak and his employer towards provident fund, what amount of deduction is available to Mr. Sarthak under Chapter VI-A for the previous year 2022-23, if he does not opt for section 115BAC?

- (a) ₹ 2,62,500 (b) ₹ 2,59,537 (c) ₹ 2,50,000 (d) ₹ 2,04,500

Answer: (b)

UNIT 2: INCOME FROM HOUSE PROPERTY

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	-	-	-	-	-	-	-
RTP	-	-	-	-	Q3,Q7	-	-	-
ICAI Booklet	Q1-Q6	-	-	-	-	-	-	-

1. Vidya received ₹ 90,000 in May, 2021 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2019-20 for determining annual value. Legal expense incurred in relation to unrealized rent is ₹ 20,000. The amount taxable under section 25A for A.Y. 2022-23 would be -

- (a) ₹ 70,000 (b) ₹ 63,000 (c) ₹ 90,000 (d) ₹ 49,000

Answer: (b)

2. Ganesh and Rajesh are co-owners of a self-occupied property. They own 50% share each. The interest paid by each co-owner during the previous year 2021-2 on loan (taken for acquisition of property during the year 2004) is ₹ 2,05,000. The amount of allowable deduction in respect of each co-owner is -

- (a) ₹ 2,05,000 (b) ₹ 1,02,500 (c) ₹ 2,00,000 (d) ₹ 1,00,000

Answer: (d)

3. Mr. Raghav has three houses for self-occupation. What would be the tax treatment for A.Y. 2022 -23 in respect of income from house property?

- (a) One house, at the option of Mr. Raghav, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (b) Two houses, at the option of Mr. Raghav, would be treated as self-occupied. The other house would be deemed to be let out.
- (c) One house, at the option of Assessing Officer, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (d) Two houses, at the option of Assessing Officer, would be treated as self-occupied. The other house would be deemed to be let out.

Answer: (b)

CASE SCENARIO

4. Ananya Gupta, a citizen of India, lives with her family in New York since the year 2000. She visited India from 21st March, 2021 to 28th September, 2021 to take care of her ailing mother. In the last four years, she has been visiting India for 100 days every year to be with her mother. She owns an apartment at New York, which is used as her residence. The expected rent of the house is \$ 32,000 p.a. The value of one USD (\$) may be taken as ₹ 75. Municipal taxes paid in New York in January, 2022 are \$ 2,000.

She took ownership and possession of her house in New Delhi on 25th March, 2021, for self-occupation, while she is in India. The municipal valuation is ₹ 4,20,000 p.a. and the fair rent is ₹ 4,50,000 p.a. She paid property tax of ₹ 22,000 to Delhi Municipal Corporation on 21st March, 2022. She had taken a loan of ₹ 16 lakhs @ 10% p.a. from IDBI Bank on 1st April, 2017 for constructing this house and the construction got completed on 20th March, 2021. No amount has been paid towards principal repayment so far. The house is vacant for the rest of the year i.e., from October 2021 to March 2022. (ICAI BOOKLET)

She had a house property in Mumbai, which was sold on 28th March, 2021. In respect of this house, she received arrears of rent of ₹ 3,00,000 on 4th February, 2022. This amount has not been charged to tax earlier.

She does not have any income under any other source in India during previous year in 2021-22.

Ananya Gupta does not want to opt for the new tax regime under section 115BAC for A.Y. 2022 -23.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

4.1. What would be the residential status of Ananya Gupta for A.Y. 2022 -23?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Deemed resident but not ordinarily resident in India
- (d) Non-resident

Answer: (d)

4.2. Ms. Ananya Gupta can claim benefit of "Nil" Annual Value under section 23(2) in respect of -

- (a) Her Delhi house
- (b) Her New York house, since it is more beneficial; her Delhi house will be deemed to be let out and expected rent would be the annual value.
- (c) Her Delhi house alone; her New York house will be deemed to be let out and expected rent would be the annual value.
- (d) Both her Delhi house and New York house, since benefit of Nil Annual value u/s 23(2) is available in respect of two-house properties.

Answer: (a)

4.3. What is the income chargeable under the head "Income from house property" of Ananya Gupta for A.Y. 2022-23?

- (a) ₹ 15,65,000 (b) ₹ 3,09,600 (c) ₹ 1,00,000 (d) ₹ 10,000

Answer: (d)

4.4. Assuming that, for the purpose of this question alone, Ananya Gupta has let out her flat in New York during the six months (April to September) when she is in India, for a sum of \$ 6,000 p.m. Such rent was received in a bank account in New York and then remitted to India through approved banking channels. What would be the income from house property chargeable to tax in her hands in India for A.Y. 2022 -23?

- (a) ₹ 10,000 (b) ₹ 17,85,000 (c) ₹ 17,95,000 (d) ₹ 18,85,000

Answer: (a)

5. Ram Builders & Developers is the sole-proprietorship concern of Mr. Ram. The main business of the concern is construction, development and sale of residential and commercial units. Ram Builders & Developers developed a project named Luxuria Heaven, which has both residential and commercial units with its own funds. It obtained certificate of completion for the said project with effect from 31/03/2021. Ram sold majority of its residential units and commercial units in the F.Y.2021 -22. However, around 30 residential units and 15 commercial units were held by him as stock in trade as on 31.3.2022. During this period, there was a slump in the real estate sector. In order to earn some income from these units, Ram incidentally let out some of the units held as stock-in-trade. The details of units constructed, sold and held as stock-in-trade are given hereunder: (ICAI BOOKLET)

Particulars	Total Units constructed	Units sold	Units held as	Units let out	Units vacant during	Actual rent per unit per month [in respect of let out units mentioned in (5)]
			stock- in-trade as on 31.3.2022	during P.Y.2021	the whole of P.Y.2021	
			[(2) – (3)]	-22 out of (4)	-22	[(4) – (5)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential Units	100	70	30	10	20	10,000 pm.
Commercial Units	40	25	15	5	10	18,000 pm.
	140	95	45	15	30	

Out of the residential units sold, 5 residential units were sold to his friend, Mr. Gaurav, who is also a real estate developer, on 15.2.2022, for ₹ 20 lakhs each. The stamp duty value on the date of sale was ₹ 23 lakhs each. However, the agreement of sale was entered into on 1.11.2021, on which the date the stamp duty value was ₹ 22 lakhs. Mr. Ram received ₹ 1 lakh by way of account payee bank draft on 1.11.2021 from Mr. Gaurav.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

5.1. While computing the total income of Mr. Ram, the income from residential and commercial units let out during the P.Y.2021 -22 will be taxed under head:

- (a) Income from house property
- (b) Profits and gains of business or profession
- (c) Income from let out residential units will be taxed under the head "Income from house property" and income from let out commercial units will be taxed under the head "Profits and gains of business or profession"
- (d) Income from other source

Answer: (a)

5.2. What would be the tax treatment of vacant residential and commercial units held as stock in trade as on 31.3.2022?

- (a) The vacant residential units would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head "Income from house property" for A.Y. 2022 -23.
- (b) The vacant units, both residential and commercial, would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head "Income from house property" for A.Y. 2022-23.
- (c) The annual value of both vacant residential and commercial units would be Nil for A.Y.2022 -23. Hence, no income is chargeable for such units under the head "Income from house property" for A.Y. 2022 -23.
- (d) Vacant units held as stock-in-trade can never be deemed as let out at any point of time

Answer: (c)

5.3. What would be the full value of consideration in respect of sale of units to Mr. Gaurav for the purpose of computing profits and gains from transfer of units?

- (a) ₹ 1,00,00,000
- (b) ₹ 1,15,00,000
- (c) ₹ 1,10,00,000
- (d) ₹ 99,00,000

Answer: (a)

5.4. Assume that ₹ 1 lakh was paid in cash by Mr. Gaurav to Mr. Ram on 1.11.2021 instead of by way of account payee bank draft, what would be the income chargeable under section 56(2)(x) in the hands of Mr. Gaurav?

- (a) ₹ 15 lakh
- (b) ₹ 10 lakh



- (c) Nil, since the stamp duty value is within the permissible deviation limit
 (d) Nil, since section 56(2)(x) is not applicable in this case

Answer: (d)

6. For the assessment year 2022-23, Mr. Sonu submits the following information:

Particulars	Building at Chennai ()	Building at Kochi ()
Municipal valuation	35,000	80,000
Standard Rent	36,000	70,000
Fair Rent	31,000	82,000
Rent received	38,000	68,000
Municipal taxes paid by tenant Mr. Ramu for building at Chennai and paid by Mr. Sonu for Building at Kochi.	3,000	4,000
Repairs paid by tenant Mr. Ramu for Chennai building and Mr. Sonu paidfor Kochi building	500	18,000
Land revenue paid	2,000	16,000
Insurance premium paid	500	2,000

Mr. Sonu is constructing one more building in Mumbai during the previous year 2021-22. Mr. Raju, a film director, took on rent the building under construction in Mumbai at ₹ 5,000 per month for his film shooting. The construction of the said building would be completed by April 2022. Mr. Sonu is a real estate developer and letting out properties is not the business of Mr. Sonu. (ICAI BOOKLET)

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 6.1. Which of the building's income is chargeable to tax under the head "Income from house property" in the hands of Mr. Sonu?
- (a) Building at Chennai only
 (b) Building at Kochi only
 (c) Both buildings at Chennai and Kochi
 (d) All the three buildings at Chennai, Kochi and Mumbai

Answer: (c)

6.2. Which of the following payments/expenditure is allowable as deduction while computing income under the head "Income from house property" incurred in respect of the building at Chennai and Kochi?

- (a) Municipal taxes paid by Mr. Sonu and Mr. Ramu
- (b) Municipal tax, land revenue, insurance premium, interest on loan borrowed for payment of Municipal tax paid by Mr. Sonu
- (c) Only municipal tax paid by Mr. Sonu
- (d) Both Municipal tax and repairs paid by Mr. Sonu

Answer: (c)

6.3. Under which head of income, the amount received from Mr. Raju would be chargeable to tax?

- (a) Income from house property
- (b) Profits and gains from business or profession
- (c) Income from other sources
- (d) Income from house property or Income from other sources, at the option of Mr. Sonu

Answer: (c)

6.4. What is the amount chargeable to tax under the head "Income from house property" in the hands of Mr. Sonu for the P.Y. 2021-22?

- (a) ₹ 72,800
- (b) ₹ 81,200
- (c) ₹ 1,14,800
- (d) ₹ 70,700

Answer: (a)

7. Mr. Ritvik has purchased his first house in Gwalior for self-occupation on 5.4.2019 for ₹ 45 lakhs (stamp duty value being the same) with bank loan sanctioned on 30.3.2019 and disbursed on 3.4.2019. He paid interest of ₹ 3.8 lakhs during the P.Y. 2019-20. What is the tax treatment of interest paid by him?

- (a) Interest of ₹2 lakhs allowable u/s 24
- (b) Interest of ₹2 lakhs allowable u/s 24 and ₹1.8 lakhs allowable u/s 80EEA
- (c) Interest of ₹2 lakhs allowable u/s 24 and ₹1.5 lakhs allowable u/s 80EEA
- (d) Interest of ₹1.5 lakhs allowable u/s 24 and ₹1.5 lakhs allowable u/s 80EEA

Answer: (a)

UNIT 3: PROFITS AND GAINS OF BUSINESS OR PROFESSION

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	Q7	-	Q11	-	-		-
RTP	-	-	-	-	-	Q5	-	Q9
ICAI Booklet	Q1-Q11	-	-	-	-	-		

1. An electricity company charging depreciation on straight line method on each asset separately, sells one of its machineries in April, 2021 at ₹ 1,20,000. The WDV of the machinery at the beginning of the year i.e., on 1st April, 2021 is ₹ 1,35,000. No new machinery was purchased during the year. The shortfall of ₹ 15,000 is treated as

- (a) Terminal depreciation
- (b) Short-term capital loss
- (c) Normal depreciation
- (d) Any of the above, at the option of the assessee

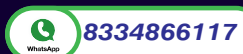
Answer: (a)

2. Mr. X acquires an asset in the year 2015-16 for the use for scientific research for ₹ 2,75,000. He claimed deduction under section 35(1)(iv) in the previous year 2015-16. The asset was brought into use for the business of Mr. X in the P.Y.2021 -22, after the research was completed. The actual cost of the asset to be included in the block of assets is

- (a) Nil
- (b) Market value of the asset on the date of transfer to business
- (c) ₹ 2,75,000 less notional depreciation under section 32 up to the date of transfer.
- (d) Actual cost of the asset i.e., ₹ 2,75,000

Answer: (a)

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3. Mr. X, a retailer, acquired furniture on 10th May 2021 for ₹ 10,000 in cash and on 15th May 2021, for ₹ 15,000 and ₹ 20,000 by a bearer cheque and account payee cheque, respectively. Depreciation allowable for A.Y. 2022-23 would be

- (a) ₹ 2,000 (b) ₹ 3,000 (c) ₹ 3,500 (d) ₹ 4,500

Answer: (b)

4. The W.D.V. of a block (Plant and Machinery, rate of depreciation 15%) as on 1.4.2021 is ₹ 3,20,000. A second-hand machinery costing ₹ 50,000 was acquired on 1.9.2021 through account payee cheque but put to use on 1.11.2021. During January 2022, part of this block was sold for ₹ 2,00,000. The depreciation for A.Y. 2022-23 would be

- (a) ₹ 21,750 (b) ₹ 25,500 (c) ₹ 21,125 (d) ₹ 12,750

Answer: (a)

5. M/s ABC, an eligible assessee, following mercantile system of accounting, carrying on eligible business under section 44AD provides the following details: (Nov 2020 RTP)

- ◆ Total turnover for the financial year 2021-22 is ₹ 130 lakh
- ◆ Out of the above:
 - ₹ 25 lakh received by A/c payee cheque during the financial year 2021-22;
 - ₹ 50 lakh received by cash during the financial year 2021-22;
 - ₹ 25 lakh received by A/c payee bank draft before the due date of filing of return;
 - ₹ 30 lakh not received till due date of filing of return.

What shall be the amount of deemed profits of M/s ABC under section 44AD (1) for A.Y. 2022-23?

- (a) ₹ 10.4 lakh (b) ₹ 7.0 lakh (c) ₹ 5.5 lakh (d) ₹ 9.4 lakh

Answer: (d)

6. Mr. Shahid, a wholesale supplier of dyes, provides you with the details of the following cash payments made throughout the year –

- 12.06.2021: loan repayment of ₹ 27,000 taken for business purpose from his friend Kunal. The repayment also includes interest of ₹ 5,000.
- 19.08.2021: Portable dye machinery purchased for ₹ 15,000. The payment was made in cash in three weekly instalments.
- 26.01.2022: Payment of ₹ 10,000 made to electrician due to unforeseen electric circuit at shop.
- 28.02.2022: Purchases made from unregistered dealer for ₹ 13,500.

What will be disallowance under 40A (3), if any, if Mr. Shahid opts to declare his income as per the provisions of section 44AD? –

- (a) ₹ 18,500 (b) ₹ 28,500 (c) ₹ 13,500 (d) Nil

Answer: (d)

7.K is a working partner in a firm on behalf of his HUF and the HUF has contributed ₹ 3,00,000 as its capital contribution. Apart from this, K has given a loan of ₹ 50,000 to the firm in his individual capacity. The firm pays interest as per market rate of 15% per annum on capital as well as loan. Compute the amount of interest that shall be allowed to the firm while calculating its business income assuming that the interest is authorized by the partnership deed. – (MTP Nov 2021 Q3)

- (a) ₹ 42,000 (b) ₹ 51,000 (c) ₹ 52,500 (d) ₹ 43,500

Answer: (d)

CASE SCENARIO

8. "LUX Enterprise" a proprietorship firm of Mr. Lucifer Mornigstar, a resident individual, in Maharashtra engaged in business of printing and publishing. The following details pertain to the assets of the business:

Particulars	Date of purchase	Date of put to use	Amount
Office building superstructure constructed on leased land	30.09.2021	30.12.2021	1,85,00,000
BMW M4 convertible car	23.08.2019	25.08.2019	94,80,000
Machineries used in printing and publishing process	25.09.2021	15.10.2021	9,12,500

Notes: (ICAI BOOKLET)

- (1) Car is also used for personal purposes; disallowance for personal use may be taken at 20%.
- (2) Written down value of Plant & Machinery (Depreciable @15%) as on 1.4.2021 is ₹ 1,45,00,000.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions, assuming all the aforementioned assets are purchased through account payee cheque:

8.1. What would be the amount of depreciation allowable on plant and machinery (@15%) for the previous year 2021-22?

- (a) ₹ 24,25,938 (b) ₹ 23,34,688 (c) ₹ 24,94,375 (d) ₹ 24,03,125

Answer: (b)

8.2. What would be the WDV of plant and machinery (Depreciable@15%) as on 1.4.2022?

- (a) ₹ 1,29,86,562 (b) ₹ 1,29,18,125 (c) ₹ 1,30,77,812 (d) ₹ 1,30,09,375

Answer: (c)

8.3. What would the WDV of Office building superstructure constructed on leased land as on 1.4.2022?

- (a) ₹ 1,85,00,000 (b) ₹ 1,66,50,000 (c) ₹ 1,75,75,000 (d) ₹ 1,57,25,000

Answer: (c)

8.4. What would be the amount of depreciation allowable on BMW M4 convertible car for the previous year 2021-22?

- (a) ₹ 22,75,200 (b) ₹ 11,37,600 (c) ₹ 8,80,957 (d) ₹ 13,14,156

Answer: (d)

9. Mr. X has set up a manufacturing unit in Chittoor, Andhra Pradesh on 1st April 2020. During the previous year 2020-21 and 2021-22, Mr. X has purchased following assets: (RTP May 2019)

Date of put to use	Asset	Amount (₹)
7 Jun 2020	Plant & machinery "X"	14,75,340
25 Jul 2020	Office Furniture	7,65,400
14 Jan 2021	Plant & machinery "Y"	5,00,000
15 May 2021	Plant & machinery "Z"	8,00,000

He has paid professional fees of ₹ 35,000 each to Mr. A, Mr. B and Mr. C, respectively on 10th September 2021 credited in the books on the same day, to discuss some legal matter related to business.

The net profit computed in accordance with "Chapter IV-D - Computation of business income" of the Income-tax Act, 1961 for the previous year 2020-21 is ₹ 1.2 crore.

Mr. X has 2,000 equity shares of MNO Pvt. Ltd. On 21 October 2021, MNO Pvt. Ltd has bought back 50% shares from its shareholders amounting to ₹ 13,50,000 which were issued for ₹ 5,70,000 which include ₹ 1,15,000 towards premium.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

9.1 What would be the amount of depreciation in respect of Plant & Machinery "Y" allowable as deduction while computing income under the head "Profit & Gains from business or profession" for the previous year 2021-22?

- (a) ₹ 61,875 (b) ₹ 1,11,875 (c) ₹ 69,375 (d) ₹ 63,750

Answer: (b)

9.2. What shall be the total amount of depreciation for the previous year 2021-22 allowable as deduction while computing profits and gains from business or profession?

- (a) ₹ 3,77,481 (b) ₹ 3,71,856 (c) ₹ 5,54,607 (d) ₹ 6,04,607

Answer: (d)

9.3. Mr. X wanted to know from you, whether tax is required to be deducted on professional fees paid to Mr. A, Mr. B and Mr. C respectively. If tax has to be deducted, then what would be the rate and amount of tax to be deducted at source?

- (a) Yes, TDS amounting to ₹ 7,875 @7.5% on ₹ 1,05,000 is to be deducted
 (b) Yes, TDS amounting to ₹ 1,575 @1.5% on ₹ 1,05,000 is to be deducted
 (c) No, tax is to be deducted, since amount does not exceed the threshold limit
 (d) Yes, TDS amounting to ₹ 10,500 @10% on ₹ 1,05,000 is to be deducted

Answer: (d)

9.4. What shall be the amount of tax payable by MNO Private Limited on buy-back of its shares?

- (a) ₹ 2,08,500 (b) ₹ 1,81,710 (c) ₹ 3,14,496 (d) ₹ 1,62,240

Answer: (b)

10. ABC & Co. is a partnership firm engaged in the business of sale of footwear. The partnership firm consist of three partners – A, B & C. A & B are working partners and C is a sleeping partner. The firm is liable to tax audit under section 44AB of the Act. It has a book profit of ₹ 11,50,000. (ICAI BOOKLET)

Following payments were made to partners as authorised by the partnership deed:

- Remuneration to A & B - ₹ 32,000 p. m. to each partner
- Remuneration to C - ₹ 10,000 p. m.
- Interest on capital @ 19.5% to A & B - ₹ 18,500 p. a. to each partner
- Interest on capital @ 17% to C - ₹ 10,540 p. a.

The firm has following brought forward losses of past years:

A.Y.	Business loss	Unabsorbed depreciation	Long-term capital loss
2019-20	26,000	17,600	5,300
2020-21	78,000	29,860	-
2021-22	1,05,670	54,180	13,470



Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

10.1 What amount of interest is allowable as deduction in the hands of firm while computing profits and gains from business or profession?

- (a) ₹ 29,040 (b) ₹ 22,770 (c) ₹ 47,540 (d) ₹ 30,210

Answer: (d)

10.2. What amount of remuneration not allowable as deduction in the hands of firm while computing profits and gains from business or profession?

- (a) ₹ 1,20,000 (b) Nil (c) ₹ 1,08,000 (d) ₹ 78,000

Answer: (a)

10.3. What is the due date of filing of return of income for Mr. A and Mr. C for the A.Y. 2022 -23?

- (a) 31st July 2022 for Mr. C and 30th September 2022 for Mr. A
(b) 31st July 2022 for Mr. C and 31st October 2022 for Mr. A
(c) 31st October 2022 for both Mr. A and Mr. C
(d) 31st October 2022 for Mr. C and 31st July 2022 for Mr. A

Answer: (c)

10.4. What would be the income under the head "Profits and gains from business or profession" in the hands of ABC & Co. for the A.Y. 2022-23?

- (a) ₹ 70,690 (b) ₹ 1,72,330 (c) ₹ 51,920 (d) ₹ 1,53,560

Answer: (b)

11. Mr. Kashyap, a manufacturer, has disclosed a net profit of ₹ 40 lakhs for the year ended 31st March, 2022. He claimed depreciation of ₹ 12,20,000 in his books of account. Expenditure in profit and loss account includes interest payable to Mr. Raj, a resident, without deduction of tax at source ₹ 1,50,000. Such tax was, however, deducted on 15.4.2022 and remitted on 17.5.2022.

Mr. Kashyap is engaged in in-house scientific research and development. He incurred expenditure of ₹ 1,50,000 on purchase of research equipment and ₹ 1,00,000 as remuneration paid to scientists. The said sums are also debited in the profit and loss account.

Mr. Kashyap purchased a new plant and machinery for ₹ 45,00,000 on 2nd August, 2021 and put the same to use on 1st November, 2021. For this purpose, he borrowed ₹ 25,00,000 on 1st August, 2021 and paid interest@10% p.a. which is debited in profit and loss account. Mr. Kashyap also purchased a motor car for ₹ 8,00,000 on 2nd October, 2019, which was put to use on the same date. Written down value of block of

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plant and machinery (15%) as on 1st April, 2021 is ₹95,00,000. Turnover for the P.Y. 2020 -21 and P.Y. 2021-22 is ₹ 2.5 crores and ₹ 3 crores, respectively.

Based on the above information, choose the most appropriate answer to the following Multiple-Choice Questions -

11.1. What would be the depreciation allowable u/s 32 in respect of block of plant and machinery (15%) and motor car for A.Y.2022 -23? Assume that motor car is the only asset in the block.

- (a) ₹ 22,23,438 and ₹ 1,17,600, respectively
- (b) ₹ 17,67,188 and ₹ 86,700, respectively
- (c) ₹ 22,12,500 and ₹ 86,700, respectively
- (d) ₹ 22,23,438 and ₹ 2,40,000, respectively

Answer: (a)

11.2. What is the amount of disallowance, if any, attracted for non- deduction of tax at source on interest payable to Mr. Raj during the P.Y.2021 -22?

- (a) Nil, since the tax was deducted and deposited on or before the due date of filing of return of income
- (b) ₹ 30,000
- (c) ₹ 45,000
- (d) ₹ 1,50,000

Answer: (c)

11.3. What would be the income under the head "Profits and gains of business and profession" of Mr. Kashyap for A.Y.2022-23 under the normal provisions of the Act?

- (a) ₹ 29,86,462
- (b) ₹ 29,23,962
- (c) ₹ 28,01,562
- (d) ₹ 34,11,112

Answer: (c)

11.4. What would be the income chargeable under the head "Profits and gains of business and profession" of Mr. Kashyap for A.Y.2022-23, if he opts for section 115BAC?

- (a) ₹ 29,65,800
- (b) ₹ 32,15,800
- (c) ₹ 34,42,712
- (d) ₹ 36,92,712

Answer: (c)

11.5. What would be the tax liability of Mr. Kashyap for A.Y. 2022-23 in a manner most beneficial to him?

- (a) ₹ 7,30,330
- (b) ₹ 7,36,780
- (c) ₹ 7,17,280
- (d) ₹ 6,79,090

Answer: (b)

UNIT 4: CAPITAL GAINS

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	-	-	-	-	-		Q4
RTP	-	Q8	-	Q7	-	Q3,Q6	-	-
ICAI Booklet	Q1-Q5	-	-	-	-	-		

1. For an assessee, who is a salaried employee who invests in equity shares, what is the benefit available in respect of securities transaction tax paid by him on sale and acquisition of 100 listed shares of X Ltd. which has been held by him for 14 months before sale? –

- Rebate under section 88E is allowable in respect of securities transaction tax paid
- Securities transaction tax paid is treated as expenses of transfer and deducted from sale consideration.
- Capital gains without deducting STT paid is taxable at a concessional rate of 10% on such capital gains exceeding ₹ 1 lakh
- Capital gains without deducting STT paid is taxable at concessional rate of 15%.

Answer: (c)

2. Under section 54EC, capital gains on transfer of land or building or both are exempted if invested in the bonds issued by NHAI & RECL or other notified bond –

- within a period of 6 months after the date of such transfer
- within a period of 6 months from the end of the relevant previous year
- within a period of 6 months from the end of the previous year or the due date for filing the return of income under section 139(1), whichever is earlier
- At any time before the end of the relevant previous year.

Answer: (a)

3. Mr. A (aged 45 years) sold an agricultural land for ₹ 52 lakhs on 04.10.2021 acquired at a cost of ₹ 49.25 lakhs on 13.09.2020 situated at 7 kms from the jurisdiction of municipality having population of 4,00,000 and also sold another agricultural land for ₹ 53 lakhs on 12.12.2021 acquired at a cost of ₹ 46 lakhs on 15.02.2020 situated at 1.5 kms from the jurisdiction of municipality having population of 12,000. What would be the amount of capital gain chargeable to tax in the hands of Mr. A for the assessment year 2022-23? Cost inflation index for F.Y. 2019-20: 289; 2020-21: 301; 2021-22: 317. (Also, in RTP Nov 2020)

- (a) Short-term capital gain of ₹ 9.75 lakhs
 (b) Short-term capital gain of ₹ 7 lakhs
 (c) Long-term capital gain of ₹ 2,54,325
 (d) Long-term capital gain of ₹ 2,67,531

Answer: (b)

4. Mr. Kashyap has acquired a building from his friend on 10.10.2021 for ₹15,00,000. The stamp duty value of the building on the date of purchase is ₹16,20,000. Income chargeable to tax in the hands of Mr. Kashyap is – (May 2019 MTP)

- (a) ₹ 70,000 (b) ₹ 50,000 (c) Nil (d) ₹ 1, 20,000

Answer: (c)

5. A building was acquired on 1.4.1995 for ₹ 20,00,000 and sold for ₹ 80,00,000 on 01.06.2021. The stamp duty value on the date of transfer was ₹ 85,00,000. The fair market value of the building on 1.4.2001 was ₹ 25,00,000. Its stamp duty value on the same date was ₹ 22,00,000. Determine the capital gains on sale of such building for the A.Y. 2022-23? – Cost Inflation Index for F.Y. 2001-02: 100; F.Y. 2021-22: 317

- (a) ₹ 10,26,000 (b) ₹ 15,26,000 (c) ₹ 5,75,000 (d) ₹ 75,000

Answer: (a)

4. Mr. C, aged 35 years, is a working partner in M/s BCD, a partnership firm, with equal profit-sharing ratio. During the P.Y. 2021-22, the firm has paid remuneration to Mr. B, Mr. C and Mr. D, being the working partners of the firm, of ₹ 2,00,000 each. The firm has paid interest on capital of ₹ 1,20,000 in toto to all the three partners and the same is within the prescribed limit of 12%. The firm had a loss of ₹ 1,12,000 after debiting remuneration and interest on capital. Note – Remuneration and interest on capital is authorized by the partnership deed. You, being the CA of Mr. C, are in the process of computing his total income. What would be his taxable remuneration from the firm?

- (a) ₹ 2,00,000 (b) ₹ 1,51,600 (c) ₹ 1,27,600 (d) ₹ 1,50,000

Answer: (c)

5. Mr. Ram, an Indian resident, purchased a residential house property at Gwalior on 28.05.1999 for ₹ 28.5 lakhs. The fair market value and the stamp duty value of such house property as on 1.4.2001 was ₹ 33.5 lakhs and ₹ 32.4 lakhs, respectively. On 05.02.2012, Mr. Ram entered into an agreement with Mr. Byomkesh for sale of such property for ₹ 74 lakhs and received an amount of ₹ 3.9 lakhs as advance. However, as Mr. Byomkesh did not pay the balance amount, Mr. Ram forfeited the advance.

On 15.04.2021, Mr. Ram sold the house property for ₹ 2.10 crores, when the stamp duty value of the property was ₹ 2.33 crores. Further, he purchased two residential house properties at Delhi and Mumbai for ₹ 54 lakhs each on 28.08.2021.

On 28.02.2022, Mr. Ram signed agreement to sale the house property at Mumbai to his nephew, Mr. Vaibhav, for ₹ 58 lakhs, from whom ₹ 19,000 was received in cash on 15.01.2022 as advance for signing the agreement to sale. Sale deed was registered on 30.03.2022 on receipt of the balance amount through account payee cheque from Mr. Vaibhav. The stamp duty value of house property at Mumbai on 28.02.2022 and 30.03.2022 was ₹ 61 lakhs and ₹ 64 lakhs, respectively.

Cost inflation index –

P.Y. 2021-22: 317; P.Y. 2011 -12: 184; P.Y. 2001-02: 100

Based on the above information, choose the most appropriate option of the following Multiple-Choice Questions (MCQs): -

5.1 What shall be the indexed cost of acquisition of residential house property at Gwalior for computation of capital gains in the hands of Mr. Ram?

- (a) ₹ 1,06,19,500 (b) ₹ 1,02,70,800 (c) ₹ 90,34,500 (d) ₹ 93,83,200

Answer: (c)

5.2. The amount of capital gains taxable for A.Y. 2022 -23 in the hands of Mr. Ram for sale of residential house property at Gwalior is -

- (a) ₹ 34,65,500 (b) ₹ 88,65,500 (c) ₹ 31,16,800 (d) ₹ 18,80,500

Answer: (a)

5.3. The amount of capital gains taxable for A.Y. 2022 -23 in the hands of Mr. Ram for sale of residential house property at Mumbai is -

- (a) ₹ 7 lakhs (b) ₹ 10 lakhs (c) ₹ 61 lakhs (d) ₹ 64 lakhs

Answer: (d)

5.4. The amount taxable under section 56(2)(x) in the hands of Mr. Vaibhav, if any, is -

- (a) ₹ 3 lakhs (b) Nil (c) ₹ 6 lakhs (d) ₹ 5.50 lakhs

Answer: (c)

5.5. What shall be the total TDS available with Mr. Ram with respect to sale of two-house properties during P.Y. 2021 -22 assuming the tax was fully deducted by both the buyers at the time of payment?

- (a) ₹ 2,01,000 (b) ₹ 2,53,500 (c) ₹ 2,68,000 (d) ₹ 2,81,000

Answer: (c)

6. Mr. Arjun holding 1000 shares of X Ltd acquired on 01.07.2018 for ₹ 600 per share, sold 500 shares to Mr. Shaurya, on 01.05.2019 for ₹ 550 per share. X Ltd. declared dividend @ ₹ 65 per share on 20.07.2019, being the record date for declaration of dividend. Mr. Shaurya sold 300 equity shares at ₹ 475 per share on 28.09.2019 and the balance 200 equity shares at ₹ 450 per share on 28.10.2019. Apart from above mentioned information, Mr. Shaurya was having only long-term capital gains from sale of unlisted shares of ₹ 50,000. Assuming that Mr. Shaurya has no other income, his total income for A.Y. 2020 -21 is

- (a) ₹ 7,500 (b) ₹ 27,000 (c) ₹ 50,000 (d) ₹ 30,000

Answer: (b)

7. Mr. Vikas transferred 600 unlisted shares of XYZ (P) Ltd. to ABC (P) Ltd. on 15.12.2020 for ₹ 3,50,000 when the market price was ₹ 5,15,000. The indexed cost of acquisition of shares for Mr. Vikas was computed at ₹ 4,25,000.

Determine the income chargeable to tax in the hands of Mr. Vikas and ABC (P) Ltd. in respect of the above transaction.

- (a) ₹ 90,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and nothing is taxable in the hands of ABC (P) Ltd.
 (b) ₹ 75,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and nothing is taxable in the hands of ABC (P) Ltd.
 (c) ₹ 90,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and ₹ 1,65,000 is taxable under the head "Income from other sources" in the hands of ABC (P) Ltd.
 (d) ₹ 75,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and ₹ 1,65,000 is taxable under the head "Income from other sources" in the hands of

ABC (P) Ltd.

Answer: (c)

8. A building was acquired on 1.4.1995 for ₹ 20,00,000 and sold for ₹ 80,00,000 on 01.06.2020. The stamp duty value on the date of transfer was ₹ 85,00,000. The fair market value of the building on 1.4.2001 was ₹ 25,00,000. Its stamp duty value on the same date was ₹ 22,00,000. Determine the capital gains on sale of such building for the A.Y. 2021 -22?

Cost Inflation Index for F.Y. 2001 -02: 100; F.Y. 2020 -21: 301

- (a) ₹ 13,78,000 (b) ₹ 18,78,000 (c) ₹ 9,75,000 (d) ₹ 4,75,000

Answer: (a)

UNIT 5 : INCOME FROM OTHER SOURCES

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	Q4	-	-	-	-	-	-
RTP	-	Q3	-	-	-	-	-	-
ICAI Booklet	Q1-Q4	-	-	-	-	-	-	-

1.Mr. X, aged 61 years, earned dividend of ₹ 12,00,000 from ABC Ltd. in

P.Y . 2021-22. Interest on loan taken for the purpose of investment in ABC Ltd., is ₹3,00,000. Income included in the hands of Mr. X for

P.Y . 2021-22 would be –

- (a) ₹ 12,00,000 (b) ₹ 9,60,000 (c) ₹ 9,00,000 (d) ₹ 2,00,000

Answer: (b)

2.Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2021 from his friend on the occasion of his marriage anniversary. What would be the taxability of the said sum in the hands of Mr. Mayank? -

- (a) Entire ₹ 75,000 is chargeable to tax
 (b) Entire ₹ 75,000 is exempt from tax
 (c) Only ₹ 25,000 is chargeable to tax
 (d) Only 50% i.e., ₹ 37,500 is chargeable to tax

Answer: (a)

3.Mr. Vikas received a gold ring worth ₹ 60,000 on the occasion of his daughter’s wedding from his best friend Mr. Vishnu. Mr. Vishnu also gifted a gold chain to Kavya, daughter of Mr. Vikas, worth ₹ 80,000 on the said occasion. Would such gifts be taxable in the hands of Mr. Vikas and Ms. Kavya? – (RTP Nov 2021)

- (a) Yes, the gift of gold ring and gold chain is taxable in the hands of Mr. Vikas and Ms. Kavya, respectively

- (b) Such gifts are not taxable in the hands of Mr. Vikas nor in the hands of Ms. Kavya
- (c) Value of gold ring is taxable in the hands of Mr. Vikas but value of gold chain is not taxable in the hands of Ms. Kavya
- (d) Value of gold chain is taxable in the hands of Ms. Kavya but value of gold ring is not taxable in the hands of Mr. Vikas

Answer: (c)

4. Ms. Shalini received interest on enhanced compensation of ₹ 5,00,000. Out of this interest, ₹ 1,50,000 relates to the previous year 2019-20, ₹ 1,90,000 relates to previous year 2020-21 and ₹ 1,60,000 relates to previous year 2021-22. She paid ₹ 1 lakh to her advocate for his efforts in the matter. What amount would be taxable in P.Y. 2021-22 and taxable, if any, under which head of income. (MTP Nov 2021 Q6)

- (a) ₹ 2,50,000 under the head "income from other sources"
- (b) ₹ 4,00,000 under the head "income from other sources"
- (c) ₹ 1,60,000 under the head "income from other sources"
- (d) ₹ 1,60,000 under the head "Capital gains"

Answer: (a)

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INCOME OF OTHER PERSONS INCLUDED IN ASSESSEE'S TOTAL INCOME

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov-19	May-19
MTP	-	-	Q7	-	-	-	-	-
RTP	-	-	-	-	-	-	-	-
ICAI Booklet	Q1-Q9	-	-	-	-	-	-	-

1.If the converted property is subsequently partitioned among the members of the family, the income derived from such converted property as is received by the spouse of the transferor will be taxable -

- (a) as the income of the karta of the HUF
- (b) as the income of the spouse of the transferor
- (c) as the income of the HUF.
- (d) as the income of the transferor-member

Answer: (d)

2.Mr. Aarav gifted a house property valued at ₹ 50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in-law Deepa. The house was let out at ₹ 25,000 per month throughout the P.Y.2021 -22. Compute income from house property for A.Y .2022-23. In whose hands is the income from house property chargeable to tax?

- (a) ₹ 3,00,000 in the hands of Mr. Aarav
- (b) ₹ 2,10,000 in the hands of Mr. Aarav
- (c) ₹ 2,10,000 in the hands of Geetha
- (d) ₹ 2,10,000 in the hands of Deepa

Answer: (b)

3. Ram owns 500, 15% debentures of Reliance Industries Ltd. of ₹ 500 each. Annual interest of ₹ 37,500 was declared on these debentures for P.Y. 2021-22. He transfers interest income to his friend Shyam, without transferring the ownership of these debentures. While filing return of income for A.Y. 2022-23, Shyam showed ₹ 37,500 as his income from debentures. As tax advisor of Shyam, do you agree with the tax treatment done by Shyam in his return of income? -

- (a) Yes, since interest income was transferred to Shyam therefore, after transfer it becomes his income.
- (b) No, since Ram has not transferred debentures to Shyam, interest income on the debentures is not taxable income of Shyam.
- (c) Yes, if debentures are not transferred, interest income on debentures can be declared by anyone, Ram or Shyam, as taxable income depending upon their discretion.
- (d) No, since Shyam should have shown the income as interest income received from Mr. Ram and not as interest income earned on debentures.

Answer: (b)

4. Mrs. Shivani, wife of Mr. Anurag, is a partner in a firm. Her capital contribution is ₹ 5 lakhs to the firm as on 1.4.2021 which includes ₹ 3.5 lakhs contributed out of gift received from Anurag. The firm paid interest on capital of ₹ 50,000 and share of profit of ₹ 60,000 during the F.Y. 2021-22. The entire interest has been allowed as deduction in the hands of the firm. Which of the following statements is correct? -

- (a) Share of profit is exempt but interest on capital is taxable in the hands of Mrs. Shivani.
- (b) Share of profit is exempt but interest of ₹ 39,286 is includible in the income of Mr. Anurag and interest of ₹ 10,714 is includible in the income of Mrs. Shivani.
- (c) Share of profit is exempt but interest of ₹ 35,000 is includible in the income of Mr. Anurag and interest of ₹ 15,000 is includible in the income of Mrs. Shivani.
- (d) Share of profit to the extent of ₹ 42,000 and interest on capital to the extent of ₹ 35,000 is includible in the hands of Mr. Anurag.

Answer: (c)

5. Mr. Arvind gifted a house property to his wife, Ms. Meena and a flat to his daughter-in-law, Ms. Seetha. Both the properties were let out. Which of the following statements is correct? -

- (a) Income from both properties is to be included in the hands of Mr. Arvind by virtue of section 64.
- (b) Income from property gifted to wife alone is to be included in Mr. Arvind's hands by virtue of section 64.
- (c) Mr. Arvind is the deemed owner of house property gifted to Ms. Meena and Ms. Seetha.
- (d) Mr. Arvind is the deemed owner of property gifted to Ms. Meena. Income from property gifted to Ms. Seetha would be included in his hands by virtue of section 64.

Answer: (d)

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6. On 20.10.2021, Pihu (minor child) gets a gift of ₹ 20,00,000 from her father's friend. On the same day, the amount is deposited as fixed deposit in Pihu's bank account. On the said deposit, interest of ₹ 13,000 was earned during the P.Y. 2021-22. In whose hands the income of Pihu shall be taxable? Also, compute the amount of income that shall be taxable. -

- (a) Income of ₹ 20,11,500 shall be taxable in the hands of Pihu's father.
- (b) Income of ₹ 20,13,000 shall be taxable in the hands of Pihu's father.
- (c) Income of ₹ 20,11,500 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher.
- (d) Income of ₹ 20,13,000 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher.

Answer: (c)

7. Mr. Vishal started a proprietary business on 01.04.2020 with a capital of ₹ 5,00,000. He incurred a loss of ₹ 1,00,000 during the year 2020-21. To overcome the financial position, his wife Mrs. Kamini, a Chartered Accountant, gave a gift of ₹ 4,00,000 on 01.04.2021, which was immediately invested in the business by Mr. Vishal. He earned a profit of ₹ 2,00,000 during the year 2021-22. What is the amount to be clubbed in the hands of Mrs. Kamini for the Assessment Year 2022-23? – (MTP Oct 2021 Q6)

- (a) ₹ 88,888
- (b) ₹ 1,00,000
- (c) ₹ 2,00,000
- (d) Nil

Answer: (b)

CASE SCENARIO

8. Mr. Akshaya Biyani celebrated his 26th birthday on 15th May 2021 and arranged a grand party at Radisson Blu hotel. On this occasion, he invited his friends, blood relatives and distant relatives to attend the party. The ceremony was very grand, the feast was also very spectacular. All the arrangements and decorations were absolutely wonderful. At the end of party, Mr. Akshaya was awarded by gifts and flower's bouquet as infra: (ICAI BOOKLET)

Gifts received from	Type of Gift	Remarks
Mother	One 22K Gold Chain	She purchased on the same day for ₹37,822
Father	One 22K Gold Bracelet	He purchased on the same day for ₹56,075
Wife	4 Gold Rings	She purchased these rings on 15.5.2020 for ₹ 35,500 each. Fair market value on 15th May 2021 is ₹ 37,429 each.
Sister	Painting	This painting is made by her. Fair market value is ₹ 45,000.
Cousin brother (Father's brother's son)	One Gold chain	He purchased it on the same day for ₹ 18,200.

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Closest cousins (mother's sister's sons/daughters)	I-20 Car	Value of ₹ 4,10,000
Friends and other distant relatives	Cash	₹ 1,51,000

Mr. Akshaya desires to set up a new manufacturing unit with his friend in partnership on 1.12.2021. For making investment in the firm, he sold following jewellery which he has received on his 26th birthday celebration as gifts:

- Mother's gifted Gold Chain for ₹ 42,150
- Father's gifted Gold Bracelet for ₹ 60,180
- Cousin brother's gifted Gold Chain for ₹ 20,600

His wife gave him ₹ 1 lakh as a gift so that he could invest sufficient money in the unit.

On 1st December 2021, he invested ₹ 6,00,000 (including the amount received on sale of above gifts and amount received from his wife) and his friend invested ₹ 4,00,000 in the firm.

On 1st February 2022, his wife again gave him ₹ 1 lakh as a gift to invest such money in the firm and apart from that he invested ₹ 50,000 more from his individual savings. On this day, his friend also invested ₹ 1,00,000 in the firm.

Since the firm is a manufacturing unit and at initial stage, the firm requires sufficient fund so Mr. Akshaya sold his wife's gifted Gold Rings for ₹ 40,250 each as on 31st March 2022 and he deployed the funds as partner's capital in the firm on 01st April, 2022.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

8.1. What is the amount of capital gain taxable in the hand of Mr. Akshaya for P.Y. 2021 -22?

- (a) Short term capital gains ₹ 10,833
- (b) Short term capital gains ₹ 29,833
- (c) Short term capital gains ₹ 22,117
- (d) No, capital gains is taxable in his hands, since he received the capital assets as gift.

Answer: (a)

8.2. What is the gift amount not considered as income under section 56(2)(x) for P.Y. 2021 -22?

- (a) ₹ 8,98,613
- (b) ₹ 3,06,813
- (c) ₹ 9,16,813
- (d) ₹ 7,16,813

Answer: (c)

8.3. What is the gift amount taxable in the hands of Mr. Akshaya for P.Y. 2021 -22?

- (a) ₹ 1,51,000 (b) ₹ 1,69,200 (c) ₹ 5,79,200 (d) ₹ 5,61,000

Answer: (a)

8.4. Is any amount taxable in the hands of Akshaya's wife in respect of sale of jewellery by Mr. Akshaya, if yes, what shall be the taxable amount in her hands for P.Y. 2021 -22?

- (a) No (b) Yes; ₹ 15,284 (c) Yes; ₹ 19,000 (d) Yes; ₹ 11,284

Answer: (c)

9. Mr. Rajesh gifted ₹ 15 lakhs to his wife, Raavi, on her birthday on 23rd February, 2021. Ravi lent ₹ 6,00,000 out of the gifted amount to Karuna on 1st April, 2021 for six months on which she received interest of ₹ 30,000. The said sum of ₹ 30,000 was invested in shares of a listed company on 18th October, 2021, which were sold for ₹ 66,000 on 25th March, 2022. Securities transactions tax was paid on purchase and sale of such shares. The balance amount of gift was invested on 1st April 2021, as capital by Ravi in her new business. She suffered loss of ₹ 22,000 in the business in Financial Year 2021 -22. Ravi is working with a private company as sales executive at a salary of ₹ 62,000 p.m. She paid ₹ 3,500 p.m towards tuition fees for her daughter Riya studying in St. Thomas School, Mumbai. (ICAI BOOKLET)

Rajesh is working with an MNC on a monthly salary of ₹ 64,000. He has gifted ₹ 1,25,000 to Riya on her 13th Birthday. This amount is deposited as 2 years term deposits with SBI bank in her name. On which interest of ₹ 11,500 is earned during the previous year 2021-22. Both Mr. Rajesh and Mrs. Raavi opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

9.1. In whose hands, the interest income received from Karuna and interest on fixed deposits in the name of Riya would be included?

- (a) both interest income to be included in the hands of Mr. Rajesh
(b) both interest income to be included in the hands of Mrs. Raavi
(c) interest income from Karuna to be included in the hands of Mrs. Raavi and interest on two years term deposits to be included in the hands of Mr. Rajesh.
(d) interest income from Karuna to be included in the hands of Mr. Rajesh and interest on two years term deposits to be included in the hands of Mrs. Raavi.

Answer: (d)

9.2. In whose hand's loss from business and capital gains would be included in Assessment Year 2022 - 23? Assume that capital invested in the business was entirely out of the funds gifted by her husband.

- (a) Both loss from business and capital gains would be included in the hands of Mr. Rajesh
- (b) Both loss from business and capital gains would be included in the hands of Mrs. Raavi
- (c) Loss from business included in the hands of Mr. Rajesh and capital gains included in the hands of Mrs. Raavi
- (d) Loss from business included in the hands of Mrs. Raavi and capital gains included in the hands of Mr. Rajesh

Answer: (c)

9.3. What would be the total income of Mrs. Raavi for the previous year 2021-22?

- (a) ₹ 6,88,000
- (b) ₹ 7,80,000
- (c) ₹ 7,91,500
- (d) ₹ 7,90,000

Answer: (c)

9.4. What would be total income of Mr. Rajesh for the previous year 2021-22?

- (a) ₹ 7,76,000
- (b) ₹ 8,09,500
- (c) ₹ 8,08,000
- (d) ₹ 7,98,000

Answer: (a)

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6

AGGREGATION OF INCOME, SET-OFF & CARRY FORWARD OF LOSSES

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	-	-	-	-	-	-	-
RTP	-	-	-	Q9	-	-	-	-
ICAI Booklet	Q1-Q10	-	-	-	-	-	-	-

1. Mr. A incurred short-term capital loss of ₹ 10,000 on sale of shares through the National Stock Exchange. Such loss -

- (a) can be set-off only against short-term capital gains
- (b) can be set-off against both short-term capital gains and long-term capital gains.
- (c) can be set-off against any head of income.
- (d) not allowed to be set-off.

Answer: (b)

2. According to section 80, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of section 139(3), shall be carried forward. The exceptions to this are -

- (a) Loss from specified business under section 73A
- (b) Loss under the head "Capital Gains" and unabsorbed depreciation carried forward under section 32(2)
- (c) Loss from house property and unabsorbed depreciation carried forward under section 32(2)
- (d) Loss from speculation business under section 73

Answer: (c)

3. Brought forward loss from house property of ₹ 3,10,000 of A.Y. 2021 - 22 is allowed to be set-off against income from house property of A.Y. 2022-23 of ₹ 5,00,000 to the extent of –

- (a) ₹ 2,00,000 (b) ₹ 3,10,000 (c) ₹ 2,50,000 (d) ₹ 1,00,000

Answer: (b)

4. Mr. Rohan incurred loss of ₹ 3 lakh in the P.Y. 2021 -22 in retail trade business. Against which of the following income during the same year, can he set-off such loss? -

- (a) profit of ₹ 1 lakh from wholesale cloth business
(b) long-term capital gains of ₹ 1.50 lakhs on sale of land
(c) speculative business income of ₹ 40,000
(d) All of the above

Answer: (d)

5. Virat runs a business of manufacturing of shoes since the P.Y. 2019-20. During the P.Y. 2019-20 and P.Y. 2020-21, Virat had incurred business losses. For P.Y. 2021-22, he earned business profit (computed) of ₹ 3 lakhs. Considering he may/may not have sufficient business income to set off his earlier losses, which of the following order of set off shall be considered: -

(He does not have income from any other source)

- (a) First adjustment for loss of P.Y. 2019 -20, then loss for P.Y. 2020 -21 and then unabsorbed depreciation, if any.
(b) First adjustment for loss of P.Y. 2020 -21, then loss for P.Y. 2019 -20 and then unabsorbed depreciation, if any.
(c) First adjustment for unabsorbed depreciation, then loss of P.Y. 2020 -21 and then loss for P.Y. 2019 -20, if any.
(d) First adjustment for unabsorbed depreciation, then loss of P.Y. 2019 -20 and then loss for P.Y. 2020 -21, if any.

Answer: (a)

6. Mr. Ravi incurred loss of ₹ 4 lakh in the P.Y. 2021 -22 in leather business. Against which of the following incomes earned during the same year, can he set-off such loss? -

- (i) Profit of ₹ 1 lakh from apparel business
(ii) Long-term capital gains of ₹ 2 lakhs on sale of jewellery
(iii) Salary income of ₹ 1 lakh

Choose the correct answer:
(a) First from (ii) and thereafter from (i); the remaining loss has to be carried forward.

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- (b) First from (i) and thereafter from (ii) and (iii)
- (c) First from (i) and thereafter from (iii); the remaining loss has to be carried forward
- (d) First from (i) and thereafter from (ii); the remaining loss has to be carried forward

Answer: (d)

7. During the A.Y. 2021-22, Mr. A has a loss of ₹ 8 lakhs under the head "Income from house property" which could not be set off against any other head of income as per the provisions of section 71. The due date for filing return of income u/s 139(1) in case of Mr. A has already expired and Mr. A forgot to file his return of income within the said due date. However, Mr. A filed his belated return of income for A.Y. 2021-22. Now, while filing return of income for A.Y. 2022-23, Mr. A wishes to set off the said loss against income from house property for the P.Y. 2021-22. Determine whether Mr. A can claim the said set off. -

- (a) No, Mr. A cannot claim set off of loss of ₹ 8 lakhs during A.Y. 2022-23 as he failed to file his return of income u/s 139(1) for A.Y. 2021-22.
- (b) Yes, Mr. A can claim set off of loss of ₹ 2 lakhs, out of ₹ 8 lakhs, from his income from house property during A.Y. 2022-23, if any, and the balance has to be carried forward to A.Y. 2023-24.
- (c) Yes, Mr. A can claim set off of loss of ₹ 2 lakhs, out of ₹ 8 lakhs, from his income from any head during A.Y. 2022-23 and the balance has to be carried forward to A.Y. 2023-24.
- (d) Yes, Mr. A can claim set off of loss of ₹ 8 lakhs during A.Y. 2022-23 from his income from house property, if any, and the balance has to be carried forward to A.Y. 2023-24.

Answer: (d)

8. The details of income/loss of Mr. Kumar for A.Y. 2022-23 are as follows:

Particulars	Amt. (in ₹)
Income from Salary (computed)	5,20,000
Loss from self-occupied house property	95,000
Loss from let-out house property	2,25,000
Loss from specified business u/s 35AD	2,80,000
Loss from medical business	1,20,000
Long term capital gain	1,60,000
Income from other sources	80,000

What shall be the gross total income of Mr. Kumar for A.Y. 2022-23?

- (a) ₹ 4,40,000
- (b) ₹ 3,20,000
- (c) ₹ 1,60,000
- (d) ₹ 4,80,000

Answer: (a)

9. Mr. Arpan (aged 35 years) submits the following particulars for the purpose of computing his total income:

Particulars	
Income from salary (computed)	4,00,000
Loss from let-out house property	(-) 2,20,000
Brought forward loss from let-out house property for the A.Y. 2021-22	(-) 2,30,000
Business loss	(-) 1,00,000
Bank interest (FD) received	80,000

Compute the total income of Mr. Arpan for the A.Y. 2022-23 and the amount of loss that can be carried forward for the subsequent assessment year? -

- (a) Total income ₹ 2,00,000 and loss from house property of ₹ 2,50,000 and business loss of ₹ 20,000 to be carried forward to subsequent assessment year.
- (b) Total income ₹ 1,60,000 and loss from house property of ₹ 2,30,000 to be carried forward to subsequent assessment year.
- (c) Total income ₹ 1,80,000 and loss from house property of ₹ 2,30,000 and business loss of ₹ 20,000 to be carried forward to subsequent assessment year.
- (d) Total income is Nil and loss from house property of ₹ 70,000 to be carried forward to subsequent assessment year.

Answer: (a)

10. During the A.Y. 2022-23, Mr. Kabir has a loss of ₹ 6 lakhs under the head "Income from house property", loss of ₹ 5 lakhs from business of profession and income of ₹ 3 lakhs from long term capital gains. He filed his return of income for the A.Y. 2022-23 on 31.12.2022. Determine the total income of Mr. Kabir for A.Y. 2022-23 and the amount of loss which can be carried forward in a manner most beneficial to him? -

- (a) Total income Nil; loss of ₹ 4,00,000 from house property and loss of ₹ 4,00,000 from business or profession.
- (b) Total income ₹ 1,00,000; loss of ₹ 4,00,000 from house property.
- (c) Total income Nil; No loss is allowed to be carried forward.
- (d) Total income Nil; loss of ₹ 6,00,000 from house property.

Answer: (d)

7

DEDUCTIONS FROM GROSS TOTAL INCOME

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov- 20	Nov- 19	May- 19
MTP	-	-	Q14	-	-	-	-	-
RTP	-	Q12	-	Q15	-	-	-	-
ICAI Booklet	Q1-Q15	-	-	-	-	-	-	-

1. Mr. Srivastav, aged 72 years, paid medical insurance premium of ₹ 52,000 by cheque and ₹ 4,000 by cash during May, 2021 under a Medical Insurance Scheme of the General Insurance Corporation. The above sum was paid for insurance of his own health. He would be entitled to a deduction under section 80D of a sum of -

- (a) ₹ 30,000 (b) ₹ 50,000 (c) ₹ 52,000 (d) ₹ 56,000

Answer: (b)

2. Mr. Ramesh pays a rent of ₹ 5,000 per month. His total income is ₹ 2,80,000 (i.e., Gross Total Income as reduced by deductions under Chapter VI-A except section 80GG). He is also in receipt of HRA. He would be eligible for a deduction under section 80GG of an amount of-

- (a) ₹ 60,000 (b) ₹ 32,000 (c) ₹ 70,000 (d) Nil

Answer: (d)

3. An individual has paid life insurance premium of ₹ 25,000 during the previous year for a policy of ₹ 1,00,000 taken on 1.4.2018. He shall -

- (a) not be allowed deduction u/s 80C
 (b) be allowed deduction of ₹ 20,000 u/s 80C
 (c) be allowed deduction of ₹ 25,000 u/s 80C
 (d) be allowed deduction of ₹ 10,000 u/s 80C

Answer: (d)

4. In respect of loan of ₹ 40 lakhs sanctioned by SBI in April, 2021 for purchase of residential house intended for self-occupation, compute the interest deduction allowable under the provisions of the Act for A.Y. 2022-23, assuming that the disbursement was made on 1st June, 2021, the rate of interest is 8% p.a. and the loan sanctioned was 80% of the stamp duty value of the property. -

- (a) ₹ 2,00,000 u/s 24 and ₹ 1,20,000 u/s 80EEA
- (b) ₹ 1,50,000 u/s 80EEA and ₹ 1,70,000 u/s 24
- (c) ₹ 2,00,000 u/s 24 and ₹ 50,000 u/s 80EEA
- (d) ₹ 2,00,000 u/s 24

Answer: (d)

5. The maximum amount which can be donated in cash for claiming deduction under section 80G for the P.Y. 2021-22 is -

- (a) ₹ 5,000
- (b) ₹ 10,000
- (c) ₹ 1,000
- (d) ₹ 2,000

Answer: (d)

6. Rajan, a resident Indian, has incurred ₹ 15,000 for medical treatment of his dependent brother, who is a person with severe disability and has deposited ₹ 20,000 with LIC for his maintenance. For A.Y. 2022-23, Rajan would be eligible for deduction under section 80DD of an amount equal to -

- (a) ₹ 15,000
- (b) ₹ 35,000
- (c) ₹ 75,000
- (d) ₹ 1,25,000

Answer: (d)

7. Mr. Shiva made a donation of ₹ 50,000 to PM Cares Fund and ₹ 20,000 to Rajiv Gandhi Foundation by cheque. He made a cash donation of ₹ 10,000 to a public charitable trust registered under section 80G. The deduction allowable to him under section 80G for A.Y. 2022-23 is -

- (a) ₹ 80,000
- (b) ₹ 70,000
- (c) ₹ 60,000
- (d) ₹ 35,000

Answer: (c)

8. Mr. Ritvik has purchased his first house in Gwalior for self-occupation on 5.4.2020 for ₹ 45 lakhs (stamp duty value being the same) with bank loan sanctioned on 30.3.2020 and disbursed on 3.4.2020. He paid interest of ₹ 3.8 lakhs during the P.Y. 2021-22. What is the tax treatment of interest paid by him?

- (a) Interest of ₹ 2 lakhs allowable u/s 24
- (b) Interest of ₹ 2 lakhs allowable u/s 24 and ₹ 1.8 lakhs allowable u/s 80EEA
- (c) Interest of ₹ 2 lakhs allowable u/s 24 and ₹ 1.5 lakhs allowable u/s 80EEA
- (d) Interest of ₹ 1.5 lakhs allowable u/s 24 and ₹ 1.5 lakhs allowable u/s 80EEA

Answer: (c)

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9. Mr. Anuj is a businessman whose total income (after allowing deduction under Chapter VI-A except under section 80GG) for A.Y. 2022-23 is ₹ 5,95,000. He does not own any house property and is staying in a rented accommodation in Patna for a monthly rent of ₹ 9,000. Deduction under section 80GG for A.Y. 2022-23 is –

- (a) ₹ 48,500 (b) ₹ 1,48,750 (c) ₹ 60,000 (d) ₹ 1,08,000

Answer: (a)

10. Mr. X, a resident, is due to receive ₹ 4.50 lakhs on 31.3.2022, towards maturity proceeds of LIC policy taken on 1.4.2019, for which the sum assured is ₹ 4 lakhs and the annual premium is ₹ 1,25,000. Mr. Z, a resident, is due to receive ₹ 95,000 on 1.10.2021 towards maturity proceeds of LIC policy taken on 1.10.2013 for which the sum assured is ₹ 90,000 and the annual premium is ₹ 10,000. -

- (a) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X and Mr. Z
(b) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
(c) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. Z
(d) No tax is required to be deducted on income comprised in maturity proceeds payable to either Mr. X or Mr. Z

Answer: (b)

11. Which of the following benefits are not allowable to Ms. Sakshi, a non-resident, while computing her total income and tax liability for A.Y. 2022-23 under the Income-tax Act, 1961? -

- (a) Deduction of 30% of gross annual value while computing her income from house property in Bangalore
(b) Tax rebate of ₹ 9,500 from tax payable on her total income of ₹ 4,40,000
(c) Deduction for donation made by her to Prime Minister's National Relief Fund
(d) Deduction for interest earned by her on NRO savings account permitted to be maintained by RBI.

Answer: (b)

12. Mr. Arpit, an employee of MNO Ltd. has contributed ₹ 1,61,280 towards NPS and similar amount is contributed by his employer. His basic salary is ₹ 80,000 p.m. and dearness allowance is 40% of basic salary which forms part of retirement benefits. He also paid ₹ 55,000 towards LIC premium for himself and his wife and medical insurance premium of ₹ 35,000 by crossed cheque for his mother, being a senior citizen during the previous year 2021-22. How much deduction is available under Chapter VI-A while computing total income of Mr. Arpit for the A.Y. 2022-23?

- (a) ₹ 3,46,280 (b) ₹ 3,69,400 (c) ₹ 3,19,400 (d) ₹ 3,96,280

Answer: (b)

13. Mr. Krishna, a resident Indian aged 61 years, maintains a saving account with a co-operative land development bank and he earns ₹ 20,000 as interest on saving account for the Financial Year 2021-22. Mr. Krishna also maintains a fixed deposit and recurring deposit account with Mani Finance (A Non-Banking Finance Company) and earns ₹ 25,000 and ₹ 10,000 as interest on fixed deposit and recurring deposit, respectively. What would be the deduction allowable to Mr. Krishna under Chapter VI-A if he does not opt for the section 115BAC for the A.Y. 2022-23? -

- (a) ₹ 55,000 (b) ₹ 10,000 (c) ₹ 20,000 (d) ₹ 50,000

Answer: (c)

14. Mr. Ashutosh purchased his first dream home in Bangalore on 16.8.2021. He applied for home loan of ₹ 40 lakhs from IDFC bank on 15.7.2021, the same was sanctioned by bank on 20.7.2021. The stamp duty value of the said house was ₹ 44 lakhs. The interest due on the said home loan is ₹ 3,75,000 for the financial year 2021-22. Due to liquidity issues, Mr. Ashutosh could only pay ₹ 3,26,000. Compute the total interest deduction Mr. Ashutosh can claim for the A.Y. 2022-23, assuming Mr. Ashutosh doesn't opt for the tax rates under the new scheme. – (MTP Oct 2021 Q5)

- (a) ₹ 3,26,000 (b) ₹ 2,00,000 (c) ₹ 3,75,000 (d) ₹ 3,50,000

Answer: (d)

15. Rimjhim (aged 32 years), an interior decorator, has professional receipts of ₹ 25,60,000 for the previous year 2021-22. She also earned ₹ 1,25,000 as dividend and ₹ 4,65,000 as interest income on fixed deposits. She incurred expenses of ₹ 13,00,000 for her profession and ₹ 30,000 as interest on loan for making investment in shares on which she received dividend. What would be her total income for the A.Y. 2022-23, assuming that she wishes to make maximum tax savings without getting her books of account audited?

- (a) ₹ 18,45,000 (b) ₹ 18,70,000 (c) ₹ 18,40,000 (d) ₹ 18,25,000

Answer: (a)

8

COMPUTATION OF TOTAL INCOME AND TAX PAYABLE

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov-20	Nov-19	May-19
MTP	-	Q17	-	Q16	-	-	-	-
RTP	-	-	-	Q12,Q13	Q4,Q20	-	-	-
ICAI Booklet	Q1-Q23	-	-	-	-	-	-	-

1.If Mr. Y's total income for A.Y. 2022 -23 is ₹ 52 Lakhs, surcharge is payable at the rate of –

- (a) 15% (b) 12% (c) 10% (d) 2%

Answer: (c)

2.Unexhausted basic exemption limit of a resident individual can be adjusted against –

- (a) only LTCG taxable @20% u/s 112
 (b) only STCG taxable @15% u/s 111A
 (c) both (a) and (b)
 (d) casual income taxable @30% u/s 115BB

Answer: (c)

3.Unexhausted basic exemption limit of a non-resident individual can be adjusted against –

- (a) only LTCG taxable @20% u/s 112 (c) both (a) and (b)
 (b) only STCG taxable @15% u/s 111A (d) neither (a) nor (b)

Answer: (d)

4. During the P.Y. 2021-22, Mr. Ranjit has short-term capital gains of ₹ 95 lakhs taxable under section 111A, long-term capital gains of ₹ 110 lakhs taxable under section 112A and business income of ₹ 90 lakhs. Which of the following statements is correct? -

- (a) Surcharge @25% is leviable on income-tax computed on total income of ₹ 2.95 crore, since total income exceeds ₹ 2 crore.
- (b) Surcharge @15% is leviable on income-tax computed on total income of ₹ 2.95 crore.
- (c) Surcharge @15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; in respect of business income, surcharge is leviable @25% on income-tax, since total income exceeds ₹ 2 crore.
- (d) Surcharge @15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; surcharge @10% is leviable on income-tax computed on business income, since the same exceeds ₹ 50 lakhs but is less than ₹ 1 crore.

Answer: (b)

5. Which of the following statements is not true with respect to A.Y. 2022-23? -

- (a) No exemption under section 80TTA would be available to resident senior citizens
- (b) Share of profit will not be exempt in the hands of partner, if firm claims exemption of income under section 10AA
- (c) Long term capital gains of ₹ 90,000 on STT paid listed equity shares would not be subject to income-tax under section 112A
- (d) Exemption under section 10(32) on income of minor child is allowed for more than two children also

Answer: (b)

6. Gross total income of Arpita for P.Y. 2021-22 is ₹ 6,00,000. She had taken a loan of ₹ 7,20,000 in the financial year 2018-19 from a bank for her husband who is pursuing MBA course from IIM, Kolkata. On 02.04.2021, she paid the first instalment of loan of ₹ 45,000 and interest of ₹ 65,000. Compute her total income for A.Y. 2022-23. -

- (a) ₹ 6,00,000
- (b) ₹ 5,35,000
- (c) ₹ 4,90,000
- (d) ₹ 5,55,000

Answer: (b)

7. Mr. Uttam presents you the following data related to his tax liability for A.Y. 2022-23:

Particulars	in lakhs
Tax Liability as per regular provisions of Income-tax Act, 1961	15
Tax Liability as per section 115JC	12
AMT credit brought forward from A.Y. 2021-22	5

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What shall be the tax liability of Mr. Uttam for A.Y. 2022-23? -

- (a) ₹ 12 lakhs (b) ₹ 15 lakhs (c) ₹ 10 lakhs (d) ₹ 7 lakhs

Answer: (a)

8.Mr. Nekinsaam, aged 43 years, provides the following income details for P.Y . 2021-22 as follows:

Particulars	in lakhs
Capital Gains under section 112A	120
Capital Gains under section 111A	110
Other Income	520

What shall be the tax liability of Mr. Nekinsaam as per regular provisions of the Income-tax Act, 1961 for A.Y. 2022-23? -

- (a) ₹ 260.06 lakhs (c) ₹ 256.52 lakhs
 (b) ₹ 253.68 lakhs (d) ₹ 253.56 lakhs

Answer: (d)

9.Continuing Q. 72, what shall be tax liability of Mr. Nekinsaam as per regular provisions of the Income-tax Act, 1961 for A.Y. 2022-23, if the Other Income is ₹ 480 lakhs? -

- (a) ₹ 218.20 lakhs (c) ₹ 218.73 lakhs
 (b) ₹ 221.03 lakhs (d) ₹ 242.25 lakhs

Answer: (c)

10.Mr. Bandu, aged 37 years, provides the following details for P.Y. 2021 - 22 as follows: -

Particulars	in lakhs
Textile business income	22
Speculative business loss	(4)
Textile business loss b/f from P.Y. 2019 -20	(5)
Business income of spouse included in the income of Mr. Bandu as per section 64(1)(iv)	2
Deductions available under Chapter VI-A	3
TDS	1
TCS	0.5
Advance tax paid	1.3

What shall be the net tax payable/(refundable) as per regular provisions of the Income-tax Act, 1961 for A.Y. 2022-23 for Mr. Bandu?

- (a) ₹ 24,200 (b) (₹ 1,00,600) (c) ₹ 2,11,400 (d) ₹ 12,500

Answer: (a)

11. Mr. Raj, aged 32 years, presents you the following data for A.Y. 2022 -23:

Particulars	in lakhs
Gross receipts from business conducted entirely through banking channels (opted for section 44AD)	70
Capital gains under section 112A	5
Capital gains under section 111A	3
Winnings from horse races	1

What would be the tax liability as per the regular provisions of the Income-tax Act, 1961 of Mr. Raj for the A.Y. 2022-23? -

- (a) ₹ 1,28,440 (b) ₹ 1,05,560 (c) ₹ 1,38,840 (d) ₹ 1,45,080

Answer: (a)

12. Mr. Tejas, an Indian Citizen, left India permanently with his wife and two children, for extending his retail trade business of toys in Canada in the year 2016. From Canada, he is managing his retail business of toys in India. For the purpose of his Indian business, he visits India every year from 1st September to 31st January. His business income is ₹ 23.50 lakhs and ₹ 18 lakhs from retail trade business in Canada and in India, respectively for the F.Y. 2021-22. He has no other income during the P.Y. 2021 -22. Determine his residential status and income taxable in his hands for the A.Y. 2022 -23. –

- (a) Resident and ordinarily resident in India and income of ₹ 18 lakhs and ₹ 23.50 lakhs would be taxable.
- (b) Non-Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.
- (c) Resident but not ordinarily Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.
- (d) Deemed resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.

Answer: (c)

13. Rimjhim (aged 32 years), an interior decorator, has professional receipts of ₹ 25,60,000 for the previous year 2021-22. She also earned ₹ 1,25,000 as dividend and ₹ 4,65,000 as interest income on fixed deposits. She incurred expenses of ₹ 13,00,000 for her profession and ₹ 30,000 as interest on loan for making investment in shares on which she received dividend. What would be her total income for the A.Y. 2022-23, assuming that she wishes to make maximum tax savings without getting her books of account audited?

- (a) ₹ 18,45,000 (b) ₹ 18,70,000 (c) ₹ 18,40,000 (d) ₹ 18,25,000

Answer: (a)

14. Mr. Vikas transferred 600 unlisted shares of XYZ (P) Ltd. to ABC (P) Ltd. on 15.12.2021 for ₹ 3,50,000 when the market price was ₹ 5,15,000. The indexed cost of acquisition of shares for Mr. Vikas was computed at ₹ 4,25,000.

Determine the income chargeable to tax in the hands of Mr. Vikas and ABC (P) Ltd. in respect of the above transaction.

- (a) ₹ 90,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and nothing is taxable in the hands of ABC (P) Ltd.
 (b) ₹ 75,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and nothing is taxable in the hands of ABC (P) Ltd.
 (c) ₹ 90,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and ₹ 1,65,000 is taxable under the head "Income from other sources" in the hands of ABC (P) Ltd.
 (d) ₹ 75,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and ₹ 1,65,000 is taxable under the head "Income from other sources" in the hands of ABC (P) Ltd.

Answer: (c)

15. Pankaj gifted an amount of ₹ 3,00,000 to his wife, Pinky and ₹ 2,00,000 to his daughter, Rinky aged 20 years, on 1st April 2018. Both Pinky and Rinky invested the amounts on the same date in Government of India 11% Taxable Bonds. The interest accrues yearly and is reinvested in the same bonds. Determine what will be the amount taxable in hands on Pinky for A.Y. 2022-23? -

- (a) ₹ 4,473 (b) ₹ 12,132 (c) ₹ 33,000 (d) Nil

Answer: (b)

16. Mr. Ashutosh, aged 65 years and a resident in India, has a total income of ₹ 3,20,00,000, comprising long term capital gain taxable under section 112 of ₹ 57,00,000, long term capital gain taxable under section 112A of ₹ 65,00,000 and other income of ₹ 1,98,00,000. What would be his tax liability for A.Y. 2022-23? Assume that Mr. Ashutosh has not opted for the provisions of section 115BAC. -

- (a) ₹ 90,05,880 (b) ₹ 97,25,690 (c) ₹ 97,34,400 (d) ₹ 97,22,440

Answer: (d)

17. Miss Nisha (68 years) is a resident individual. For the Assessment Year 2022-23, she has following income: - Long-term capital gain on transfer of equity shares ₹1,80,000 (Securities Transaction Tax has been paid on acquisition and transfer of the said shares) Other income ₹ 2,75,000 Calculate the tax liability of Miss Nisha for Assessment Year 2022-23.

- (a) Nil (b) ₹ 5,670 (c) ₹ 5,720 (d) ₹ 8,320

Answer: (c)

CASE SCENARIO

18. Mr. Suraj (aged 48 years) furnishes the following particulars for the previous year 2021-22 in respect of an industrial undertaking established in "Special Economic Zone" in March 2015. It began manufacturing in April 2015. (ICAI BOOKLET)

Particulars	()
Total sales	85,00,000
Export sales [proceeds received in India]	45,00,000
Domestic sales	40,00,000
Profit from the above undertaking	20,00,000

Export Sales of F.Y. of 2021-22 include freight and insurance of ₹ 5 lacs for delivery of goods outside India.

He received rent of ₹ 25,000 per month for a commercial property let out to Mr. Sudhir, a salaried individual. He earned interest on savings bank A/c of ₹ 12,500 and interest on Post Office savings A/c of ₹ 5,500 during the P.Y. 2021-22.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

18.1 Compute the amount of export turnover and total turnover for purpose of computing deduction under section 10AA for A.Y. 2022-23.

- (a) ₹ 45,00,000 and ₹ 85,00,000, respectively
 (b) ₹ 40,00,000 and ₹ 80,00,000, respectively
 (c) ₹ 45,00,000 and ₹ 80,00,000, respectively
 (d) ₹ 40,00,000 and ₹ 85,00,000, respectively

Answer: (b)

18.2 Compute the amount of deduction available under section 10AA to Mr. Suraj under section 10AA for A.Y. 2022-23.

- (a) ₹ 10,00,000 (b) ₹ 4,70,577 (c) ₹ 5,62,500 (d) ₹ 5,00,000

Answer: (d)

18.3. Assume for the purpose of this question only that Mr. Suraj established SEZ Unit and began manufacturing in April, 2018. Compute the amount of deduction available under section 10AA for A.Y. 2022-23.

- (a) ₹ 10,00,000 (b) ₹ 9,41,154 (c) ₹ 11,25,000 (d) ₹ 5,00,000

Answer: (a)

18.4 Compute the total income of Mr. Suraj for the previous year 2021-22, assuming that he does not opt to pay tax under section 115BAC.

- (a) ₹ 12,14,500 (b) ₹ 17,18,000 (c) ₹ 17,14,500 (d) ₹ 17,28,000

Answer: (a)

19. Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹ 58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th October, 2021 and returned to India on 2nd April, 2022. (ICAI BOOKLET)

For previous year 2021-22, following information are relevant;

- (a) Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)
- (b) Bonus - ₹ 98,000
- (c) Medical allowance paid during P.Y. 2021 -22 amounting to ₹ 60,000
- (d) He was also reimbursed medical bill of his mother amounting to ₹ 15,000.
- (e) He was also transferred a laptop by company for ₹ 15,000 on 31st December, 2021. The laptop was acquired by company on 1st October, 2018 for ₹ 1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years.
- (f) He was also reimbursed salary of house servant of ₹ 4,000 per month.
- (g) Professional Tax paid by employer amounting to ₹ 2,400.
- (h) 400 equity shares allotted by ABC India Ltd. at the rate of ₹ 250 per share against fair market value of share of ₹ 350 on the date of exercise of option.
- (i) Short-term capital gain on sale of shares of listed company on which STT is paid amounting to ₹ 94,000.
- (j) Mr. Rajesh does not opt for the provisions of section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

19.1 What is Mr. Rajesh Sharma's residential status for the A.Y. 2022-23?

- (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information
- (b) Non-Resident
- (c) Resident but not ordinarily resident
- (d) Resident and ordinarily resident

Answer: (a)

19.2 What are his taxable perquisites for A.Y. 2022-23?

- (a) ₹ 55,000
- (b) ₹ 90,400
- (c) ₹ 1,05,400
- (d) ₹ 1,03,000

Answer: (c)

19.3 What is the income chargeable under the head "Salaries" in the hands of Mr. Rajesh Sharma for A.Y. 2022-23?

- (a) ₹ 9,76,600
- (b) ₹ 9,86,600
- (c) ₹ 9,71,600
- (d) ₹ 9,61,600

Answer: (a)

19.4 The total tax liability of Mr. Rajesh Sharma for A.Y. 2022-23 is:

- (a) ₹ 1,26,800
- (b) ₹ 1,40,710
- (c) ₹ 1,12,130
- (d) ₹ 1,39,960

Answer: (a)

19.5 Assume for the purpose of this question only, that Mr. Rajesh was found owner of ₹ 5 lakh worth jewellery acquired in F.Y. 2021-22, of which he could not provide any satisfactory explanation about source of income. What would be the tax liability (without considering surcharge and Health and education cess, if any) of Mr. Rajesh Sharma towards such unexplained expenditure:

- (a) ₹ 1,00,000
- (b) ₹ 1,50,000
- (c) ₹ 3,00,000
- (d) ₹ 3,90,000

Answer: (c)

20. Mr. Hardik (age 45 years) is appointed as senior executive officer in Sky India Limited, Mumbai on 01.02.2021 in the scale of ₹ 35,000- 3500-65,000. He is paid dearness allowance @ 40% of salary forming part of retirement benefits.

He is given rent free unfurnished accommodation on 01.5.2021 which he occupied only from 01.10.2021. The company pays lease rent of ₹ 5,000 p.m.

He has been provided a car of above 1.6 litres capacity which is used by him for private purposes only. The actual cost of the car is ₹ 8,00,000. The monthly expenditure of car is ₹ 5,000, which is fully met by the employer. Car is owned by his employer.

He pays lumpsum premium of ₹ 1,20,000 towards health insurance for self and his wife (age 43 years) for 48 months on 01.10.2021 by account payee cheque. He also contributes ₹ 1,50,000 towards PPF. (ICAI BOOKLET)

Mr. Hardik is interested to opt for concessional tax regime available under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

20.1 What would be the value of rent-free accommodation chargeable to tax in the hands of Mr. Hardik?

- (a) ₹ 44,835 (b) ₹ 44,100 (c) ₹ 45,570 (d) ₹ 30,000

Answer: (d)

20.2 What amount of health insurance premium paid during the previous year 2021-22 by Mr. Hardik can be claimed as deduction while computing total income, if he does not opt to pay tax under section 115BAC?

- (a) ₹ 30,000 (b) ₹ 15,000 (c) ₹ 24,000 (d) ₹ 25,000

Answer: (c)

20.3 What would be perquisite value of car chargeable to tax in the hands of Mr. Hardik?

- (a) ₹ 28,800 (b) ₹ 21,600 (c) ₹ 60,000 (d) ₹ 1,40,000

Answer: (d)

20.4 Would you advise to Mr. Hardik to opt to pay tax under section 115BAC?

- (a) Yes, Mr. Hardik can opt for section 115BAC, since in such case his tax liability would be ₹ 22,760, being lower than the tax liability under normal provisions of the Act
- (b) Yes, Mr. Hardik can opt for concessional tax regime, since in such case his tax liability would be ₹ 17,560 being lower than the tax liability under normal provisions of the Act.
- (c) No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 32,510, being lower than the tax liability under section 115BAC
- (d) No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 22,110, being lower than the tax liability under section 115BAC

Answer: (d)

21. Mr. Abhishek Seth, aged 42 years, is working as a CEO of Soil Limited. He provides you the following information for preparation and filing of his income-tax return for the year ended 31st March 2022: (ICAI BOOKLET)

- Salary, allowances and perquisites from Soil Limited - ₹ 1,35,00,000
- Dividend from ABC Ltd. which was declared in February, 2021 and received in April, 2021 - ₹ 4,55,000
- Dividend from PRQ Ltd. declared and received in July, 2021 - ₹ 5,90,000 (Gross)
- Interest income on saving bank account in SBI - ₹ 24,530
- Long term capital gains on transfer of residential house in Mumbai on 15th December, 2021 - ₹ 1,73,540
- Short term capital gain on transfer of listed equity shares (STT paid both at the time of transfer and acquisition) of Ind Ltd. - ₹ 73,00,000

He also furnished the following details of investment/ payments made by him during the P.Y. 2021 -22:

- (a) Three-year post office time deposit - ₹ 25,000
- (b) Contribution to PPF - ₹ 35,000
- (c) Tuition fees of three children in Bharti Sr. Sec. School in Delhi - ₹ 20,000 per annum per children
- (d) Subscription to NHAI redeemable bonds after 5 years on 16th March, 2022 - ₹ 2,00,000.

Further, his son Mr. Dhaval, aged 15 years, has also earned the following income:

- (a) Income from a quiz competition - ₹ 25,000
- (b) Interest on bank fixed deposit - ₹ 9,500

Assuming that the tax has been deducted on time, wherever applicable. Mr. Abhishek does not want to opt for the provision of section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

21.1. What is the quantum of income of Mr. Dhaval which is to be clubbed with the income of Mr. Abhishek, if any, assuming that income of Mr. Abhishek is greater than the income of his spouse?

- (a) ₹ 34,500
- (b) ₹ 8,000
- (c) ₹ 33,000
- (d) ₹ 9,500

Answer: (b)

21.2. What is the gross total income of Mr. Abhishek for A.Y. 2022 -23?

- (a) ₹ 2,13,72,530
- (b) ₹ 2,14,22,530
- (c) ₹ 2,13,64,530
- (d) ₹ 2,15,46,070

Answer: (a)

21.3. What is the amount of deduction allowable under section 80C to Mr. Abhishek?

- (a) ₹ 1,00,000 (b) ₹ 1,20,000 (c) ₹ 95,000 (d) ₹ 75,000

Answer: (d)

21.4. What shall be the tax liability of Mr. Abhishek for A.Y. 2022 -23?

- (a) ₹ 62,67,350 (b) ₹ 61,04,100 (c) ₹ 59,60,050 (d) ₹ 61,45,610

Answer: (b)

22. Mr. Rajan, aged 62 years, an Indian citizen, resides in Delhi. His wife Sheetal and daughter Riya also reside with him. Riya, aged 16 years, is studying in 12th Standard in DAV school at New Delhi. Mr. Rajan left for employment to the United States of America on 15th September, 2021 but his family did not accompany him. He returned to India on 25th March 2022. Mr. Rajan had gone outside India for the first time in his life. During April, 2021 to September, 2021, he was working with a multinational company in Delhi. He earned salary of ₹ 14,00,000 from his job in India. He paid Tuition Fee of ₹ 1,80,000 for Riya's education in DAV school.

Apart from that, Mr. Rajan also earned professional income of ₹ 60,00,000 (Gross Receipts – ₹ 90 lakhs) from India. During the year, he also earned interest from his Indian savings bank account to the tune of ₹ 12,000 and interest from fixed deposits with nationalized banks of ₹ 45,000. Mr. Rajan also earned a salary income equivalent to ₹ 6,00,000 from USA for his job, on which no tax is paid or payable in USA, which was deposited in his bank account in USA and later on remitted to India. Mr. Rajan decides not to opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

22.1 What is the residential status of Mr. Rajan for the previous year 2021-22?

- (a) Resident and ordinarily in India
(b) Resident but not ordinarily resident in India
(c) Non-resident in India
(d) Deemed resident but not ordinarily resident in India

Answer: (d)

22.2 What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajan in India for F.Y. 2021 -22?

- (a) ₹ 20,00,000 (b) ₹ 19,50,000 (c) ₹ 13,50,000 (d) ₹ 19,60,000

Answer: (c)

22.3 How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?

- (a) ₹ 2,30,000 (b) ₹ 1,95,000 (c) ₹ 1,60,000 (d) ₹ 2,00,000

Answer: (d)

22.4 What shall be the tax liability of Mr. Rajan for the A.Y. 2022-23?

- (a) ₹ 22,69,810 (b) ₹ 22,58,940 (c) ₹ 22,56,080 (d) ₹ 22,72,670

Answer: (c)

22.5 What would be the due date for filing income-tax return of Mr. Rajan for the P.Y. 2021 -22?

- (a) 31st July, 2022 (c) 30th November, 2022
(b) 31st October, 2022 (d) 31st March, 2023

Answer: (b)

23. Mr. Animesh, an Indian citizen, aged 61 years, has set-up his business in Canada and is residing in Canada since 2009. He owns a house property in Canada, half of which is used by him for his residence and half is given on rent (converted into INR is ₹ 12,00,000 p.a.). (ICAI BOOKLET) (RTP Nov 2021)

He purchased a flat in Delhi on 13.10.2019 for ₹ 42,00,000. The stamp duty value of the flat was ₹ 35,00,000. He has taken a loan from Canara Bank in India of ₹ 34,00,000 for purchase of this flat. The interest on such loan for the F.Y. 2021 -22 was ₹ 3,14,000 and principal repayment was ₹ 80,000. Mr. Animesh has given this flat on monthly rent of ₹ 32,500 since April, 2021. The annual property tax of Delhi flat is ₹ 40,000 which is paid by Mr. Animesh, whenever he comes to India to meet his parents. Mr. Animesh visited India for 124 days during the previous year 2021-22. Before that he visited India in total for 366 days during the period 1.4.2017 to 31.3.2021.

He had a house in Ranchi which was sold in May 2018. In respect of this house, he received arrears of rent of ₹ 2,96,000 in February 2022 (not taxed earlier).

He also derived some other incomes during the F.Y. 2021-22 which are as follows:

- (i) Profit from business in Canada ₹ 2,75,000
(ii) Interest on bonds of a Canadian Co. ₹ 6,20,000 out of which 50% was received in India.
(iii) Income from Apple Orchid in Nepal given on contract and the yearly contract fee of ₹ 5,00,000 for F.Y. 2021-22, was received by Animesh in Nepal.

Mr. Animesh has sold 10,000 listed shares @ ₹ 480 per share of A Ltd., an Indian company, on 15.9.2021, which he acquired on 05-04-2017 @ ₹ 100 per share. STT was paid both at the time of acquisition as well as at the time of transfer of such shares.

On 31-01-2018, the shares of A Ltd. were traded on a recognized stock exchange as under:

Highest price - ₹ 300 per share Average price - ₹ 290 per share Lowest price - ₹ 280 per share

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Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

23.1. What would be the residential status of Mr. Animesh for the A.Y. 2022 -23?

- (a) Resident and ordinarily resident in India
- (b) Resident but not ordinarily resident in India
- (c) Non-resident
- (d) Deemed resident

Answer: (b)

23.2. What would be amount of income taxable under the head "Income from house property" in the hands of Mr. Animesh for the A.Y. 2022 -23?

- (a) ₹ 2,52,200
- (b) ₹ 1,38,200
- (c) ₹ 9,78,200
- (d) ₹ 10,92,200

Answer: (b)

23.3. What amount of capital gain would arise in the hands of Mr. Animesh on transfer of shares of A Ltd?

- (a) ₹ 18,00,000
- (b) ₹ 19,00,000
- (c) ₹ 20,00,000
- (d) ₹ 38,00,000

Answer: (a)

23.4. What would be total income of Mr. Animesh for the A.Y. 2022-23, if he does not opt to pay tax u/s 115BAC?

- (a) ₹ 22,82,200
- (b) ₹ 22,68,200
- (c) ₹ 22,48,200
- (d) ₹ 21,68,200

Answer: (d)

23.5. What would be the tax liability (computed in the manner so as to minimise his tax liability) of Mr. Animesh for the A.Y. 2022-23?

- (a) ₹ 1,82,950
- (b) ₹ 1,87,110
- (c) ₹ 1,80,350
- (d) ₹ 1,84,510

Answer: (c)



9

ADVANCE TAX, TAX DEDUCTION AT SOURCE & INTRODUCTION TO TAX COLLECTION AT SOURCE

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov-20	Nov-19	May-19
MTP	-	Q21	Q20	-	-	-	-	-
RTP	-	Q17	-	Q16	-	Q6	-	Q4
ICAI Booklet	Q1-Q21	-	-	-	-	-	-	-

1.Mr. A, whose total sales is ₹ 201 lakhs, declares profit of ₹ 10 lakhs for the F.Y. 2021 -22. He is liable to pay advance tax -

- (a) in one instalment
- (b) in two instalments
- (c) in three instalments
- (d) in four instalments

Answer: (d)

2.Mr. Raj (a non-resident and aged 65 years) is a retired person, earning rental income of ₹ 40,000 per month from a property located in Delhi. He is residing in Canada. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India? -

- (a) Yes, he is liable to pay advance tax in India as he is a non- resident and his tax liability in India exceeds ₹ 10,000.
- (b) No, he is not liable to pay advance tax in India as his tax liability in India is less than ₹ 10,000.
- (c) No, he is not liable to pay advance tax in India as he has no income chargeable under the head “Profits and gains of business or profession” and he is of the age of 65 years.
- (d) Both (b) and (c)

Answer: (b)

3. An amount of ₹ 40,000 was paid to Mr. X on 1.7.2021 towards fees for professional services without deduction of tax at source. Subsequently, another payment of ₹ 50,000 was due to Mr. X on 28.02.2022, from which tax @10% (amounting to ₹ 9,000) on the entire amount of ₹ 90,000 was deducted and the net amount was paid on the same day to Mr. X. However, this tax of ₹ 9,000 was deposited only on 22.6.2022. The interest chargeable under section 201(1A) would be: - (study material page no. 9.75)

- (a) ₹ 320 (b) ₹ 860 (c) ₹ 1,620 (d) ₹ 540

Answer: (b)

4. The benefit of payment of advance tax in one instalment on or before 15th March is available to assessee computing profits on presumptive basis – (May 19 RTP)

- (a) only under section 44AD
(b) under section 44AD and 44ADA
(c) under section 44AD and 44AE
(d) under section 44AD, 44ADA and 44AE

Answer: (b)

5. Mr. Ramesh, Mr. Mahesh and Mr. Suresh, jointly owned a flat in Mathura, which was let out to Dr. Rajesh from 01.04.2021. The annual rent paid by Dr. Rajesh for the flat was ₹ 5,40,000, credited equally to each of their account. Mr. Rajesh approached his tax consultant to seek clarity in relation to deduction of tax on payment of the rent. He informed his consultant that he occupied such flat for his personal accommodation and his receipts from his profession during the previous year 2020-21 was ₹ 58 lakhs. As tax consultant, choose the correct answer –

- (a) No tax at source is required to be deducted since the rental payments are towards flat occupied for personal purpose
(b) Tax is required to be deducted at source since the rent payment exceeds ₹ 2,40,000 and Dr. Rajesh is an individual having gross receipts from profession exceeding ₹ 50 lakh in the preceding financial year.
(c) No tax is required to be deducted at source since the rent credited to each co-owner is less than ₹ 2,40,000
(d) No tax is required to be deducted at source since Dr. Rajesh's gross receipts during the preceding financial year were less than ₹ 1 crore

Answer: (c)

6. Mr. Nihar maintains a savings A/c and a current A/c in Mera Bank Ltd. The details of withdrawals on various dates during the previous year 2021-22 are as follows:

Date of Cash withdrawal	Saving Account	Current Account
05.04.2021	15,00,000	-
10.05.2021	-	22,00,000
25.06.2021	20,00,000	-
17.07.2021	-	5,00,000
28.10.2021	35,00,000	-
10.11.2021	-	38,00,000
12.12.2021	25,00,000	-

Mr. Nihar regularly files his return of income. Is Mera Bank Limited required to deduct tax at source on the withdrawals made by Mr. Nihar during the previous year 2021-22? If yes, what would the amount of tax deducted at source?

- TDS of ₹ 3,20,000 is required to be deducted
- No, TDS is not required to be deducted as the cash withdrawal does not exceed ₹ 1 crore neither in saving account nor in current account
- TDS of ₹ 3,00,000 is required to be deducted.
- TDS of ₹ 1,20,000 is required to be deducted.

Answer: (d)

7. Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2021. He is resident in India during F.Y. 2021-22 and earned salary income of ₹ 5 lakhs (computed). During the year, he earned ₹ 7 lakhs from winning of lotteries. What shall be his advance tax liability for A.Y. 2022-23 if all tax deductible at source has been duly deducted and remitted to the credit of Central Government on time? Assume he does not opt to pay tax under section 115BAC. –

- ₹ 2,20,000 + Cess ₹ 8,800 = ₹ 2,28,800, being the tax payable on total income of ₹ 12 lakhs
- ₹ 2,10,000 + Cess ₹ 8,400 = ₹ 2,18,400, being the tax payable on lottery income of ₹ 7 lakhs
- ₹ 10,000 + Cess ₹ 8,800 = ₹ 18,800, being the net tax payable on salary income, since tax would have been deducted at source from lottery income.
- Nil

Answer: (d)

8. Mr. P is a professional who is responsible for paying a sum of ₹ 2,00,000 as rent for use of building to Mr. Harshit, a resident, for the month of February, 2022. The gross receipts of Mr. P are as under:

From 01.04.2020 to 31.03.2021: ₹ 55,00,000

From 01.04.2021 to 28.02.2022: ₹ 45,00,000

Whether Mr. P is responsible for deducting any tax at source from the rent of ₹ 2,00,000 payable to Mr. Harshit?

- (a) Tax at source is required to be deducted u/s 194-I at the rate of 10%.
- (b) Tax at source is required to be deducted u/s 194-IB at the rate of 5%.
- (c) Tax at source is required to be deducted u/s 194-IB at the rate of 10%.
- (d) No tax is required to be deducted at source.

Answer: (d)

9. Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.04.2021 till 31.03.2022, Mr. A withdrew the following amounts as cash from both the said accounts; HDFC Bank: ₹ 50 Lakh ICICI Bank: ₹ 120 Lakh

What shall be the amount of tax to be deducted at source u/s 194N by HDFC Bank and ICICI Bank, respectively, while making payment in cash to Mr. A assuming Mr. A has filed his return of income for P.Y. 2018-19, P.Y. 2019 -20 and P.Y. 2020 -21 respectively? -

- (a) ₹ 1,00,000 and ₹ 2,40,000
- (b) Nil and ₹ 40,000
- (c) ₹ 60,000 and ₹ 1,00,000
- (d) ₹ 50,000 and ₹ 1,20,000

Answer: (b)

10. Mr. Ram acquired a house property at Chennai from Mr. Satyam, a resident, for a consideration of ₹ 85 lakhs, on 23.8.2021. On the same day, Mr. Ram made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. Vipun, a resident, for a sum of ₹ 50 lakhs and rural agricultural land from Mr. Danish, a resident, for a consideration of ₹ 75 lakhs. Which of the following statements are correct assuming that in the consideration amounts as aforementioned all the charges incidental to transfer of the immovable property are included?

- (a) No tax deduction at source is required in respect of any of the three payments.
- (b) TDS@1% is attracted on all the three payments.
- (c) TDS@1% on ₹ 85 lakhs and ₹ 50 lakhs are attracted. No TDS on payment of ₹ 75 lakhs for acquisition of rural agricultural land.
- (d) TDS@1% on ₹ 85 lakhs is attracted. No TDS on payments of ₹ 50 lakhs and ₹ 75 lakhs.

Answer: (d)

11. Which of the following details/evidences are required to be furnished by an employee to his/her employer in respect of deduction of interest under the head "Income from house property", when the employer is estimating the total income of the employee for the purpose of tax deduction at source u/s 192?

- (i) Amount of Interest payable or paid
 - (ii) Rate of interest payable or paid
 - (iii) Name of the lender
 - (iv) Address of the lender
 - (v) PAN or Aadhaar number as the case may be, of the lender
 - (vi) TAN of the lender
- Choose the correct answer:
- (a) (i), (iii), (v)
 - (b) (i), (iii), (iv), (v)
 - (c) (ii), (iv), (v), (vi)
 - (d) (i), (ii)

Answer: (b)

12. Mr. X paid fees for professional services of ₹ 40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2021. Tax is to be deducted by Mr. X at the rate of –

- (a) 0.75%
- (b) 1%
- (c) 1.5%
- (d) 2%

Answer: (d)

13. An interior decorator has opted for presumptive taxation scheme under section 44ADA for A.Y. 2022-23.

- (a) He is liable to pay advance tax on or before 15.3.2022
- (b) He is not liable to advance tax
- (c) He is liable to pay advance tax in three instalments i.e., on or before 15.9.2021, 15.12.2021 and 15.3.2022
- (d) He is liable to pay advance tax in four instalments i.e., on or before 15.6.2021, 15.9.2021, 15.12.2021 and 15.3.2022

Answer: (a)

14. A firm pays salary and interest on capital to its resident partners. The salary and interest paid fall within the limits specified in section 40(b). Which of the following statements is true? -

- (a) Tax has to be deducted u/s 192 on salary and u/s 194A on interest
- (b) Tax has to be deducted u/s 192 on salary but no tax needs to be deducted on interest
- (c) No tax has to be deducted on salary but tax has to be deducted u/s 194A on interest



(d) No tax has to be deducted at source on either salary or interest

Answer: (d)

15. Mr. X, a resident Indian, wins ₹ 10,000 in a lottery. Which of the statement is true? -

- (a) Tax is deductible u/s 194B@30%
- (b) Tax is deductible u/s 194B@30.9%
- (c) No tax is deductible at source
- (d) None of the above

Answer: (c)

16. Dr. Sargun maintained two bank A/cs, one current A/c with Canara Bank for her profession and a saving bank A/c with State Bank of India. The following are the details of her withdrawals from these A/cs during the previous year 2021-22:

Date of withdrawals	Canara Bank	State Bank of India
25.04.2021	25,00,000	
27.04.2021		15,50,000
31.08.2021	29,00,000	
01.09.2021	14,20,000	
05.09.2021		14,00,000
07.10.2021	18,21,000	
11.12.2021	26,23,000	
12.02.2022	7,56,000	
25.03.2022		16,13,000

She furnished her return of income for the A.Y. 2021-22 and A.Y. 2020-21 on or before the time limit prescribed u/s 139(1). However, for the A.Y. 2019-20 and A.Y. 2018-19, she has furnished her return of income belatedly.

Is any tax deductible at source u/s 194N on the withdrawals made by Dr. Sargun from Canara Bank and SBI Bank? If yes, at what rate and what amount? -

- (a) TDS is deductible at source on ₹ 1,00,20,000 @ 5% by Canara Bank and tax is deductible at source @2% on ₹ 25,63,000 by SBI.
- (b) TDS is deductible at source on ₹ 20,20,000 @ 5% by Canara Bank and no tax is deductible by SBI.
- (c) TDS is deductible at source on ₹ 20,20,000 @ 2% by Canara Bank and no tax is deductible by SBI.
- (d) TDS is deductible at source on ₹ 1,00,20,000 @ 5% by Canara Bank and tax is deductible at source @5% on ₹ 25,63,000 by SBI.

Answer: (c)

17. Mr. T, an Indian Citizen and resident of India, earned dividend income of ₹ 4,500 from an Indian company, which was declared on 1.10.2021 and paid in cash to Mr. T. What are the tax implications with respect to the dividend in the hands of Mr. T and Indian Company?

- (a) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source @7.5%.
- (b) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source @10%.
- (c) Such dividend is taxable in the hands of Mr. T. However, Indian company is not required to deduct tax at source since it does not exceed ₹ 5,000.
- (d) Such dividend is exempt in the hands of Mr. T. Hence, Indian company is not required to deduct tax at source.

Answer: (b)

18. TPR & Co., a partnership firm selling its product X through the digital facility provided by MKY Limited (an E-commerce operator). MKY Limited has credited in its books of account, the account of TPR & Co. on 31st January, 2022 by sum of ₹ 4,80,000 for the sale of product X made during the month of January 2022. Out of ₹ 4,80,000, it made payment for ₹ 4,00,300 on 3rd February, 2022. Further, Mr. Pawan, who purchased the product X through the facility provided by MKY Limited, has made the payment of sum of ₹ 40,000 directly to TPR & Co. on 15th January, 2022. Which statement is correct regarding requirement of deduction of tax at source by MKY Limited? -

- (a) No tax is required to be deducted at source.
- (b) MKY Limited is required to deduct tax at source ₹ 4,800 under section 194C.
- (c) MKY Limited is required to deduct tax at source ₹ 3,900 under section 194-O.
- (d) MKY Limited is required to deduct tax at source ₹ 5,200 under section 194-O.

Answer: (d)

19. Mr. Vyas, aged 80, is a retired government employee. On 1st April 2021, he received the maturity amount of his LIC policy amounting to ₹ 3,50,000. This policy was taken by Mr. Vyas on 1st April 2014 on which the sum assured was ₹ 3,00,000 and the annual premium was ₹ 40,000. His other income comprised of pension amounting to ₹ 85,000. Mr. Vyas furnishes a declaration in Form 15H for non-deduction of tax at source to the insurance company stating that his net tax liability for the year is NIL. -

Choose the correct statement from below:

- (a) The declaration made by Mr. Vyas is wrong and the insurance company has to deduct tax of ₹ 3,500 under section 194DA.
- (b) The claim by Vyas is right and insurance company is not required to deduct tax at source.
- (c) The insurance company has to deduct tax under section 194DA since declaration in Form 15H cannot be made for tax deduction under section 194DA.

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(d) The declaration made by Mr. Vyas is wrong and the insurance company has to deduct tax of ₹ 1,000 under section 194DA.

Answer: (b)

20. While deciding liability of an individual to deduct tax on payment of fees for professional services, which of the following is immaterial – (MTP Oct 2021 Q4)

- (a) Amount paid to professional
- (b) Turnover of financial year immediately preceding financial year in which payment made
- (c) Turnover of financial year in which payment is made
- (d) Amount of fees for professional services

Answer: (c)

21. Mr. Prakash is employed with XYZ Ltd. from 05.11.2017. He resigned on 31.03.2022 and wants to withdraw the accumulated balance of employer's contribution in his EPF Account i.e., ₹ 55,000. The tax deducted on such withdrawal would be – (MTP Nov 2021 Q4)

- (a) ₹ 500 u/s 192
- (b) ₹ 5,500 u/s 192
- (c) ₹ 4,125 u/s 192A
- (d) ₹ 5,500 u/s 192A

Answer: (d)

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PROVISIONS FOR FILING RETURN OF INCOME AND SELF-ASSESSMENT

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov-20	Nov-19	May-19
MTP	-	-	Q10	-	-	-	-	-
RTP	-	Q9	-	-	Q4	Q8	-	-
ICAI Booklet	Q1-Q10	-	-	-	-	-	-	-

1. In which of the following transactions, quoting of PAN is mandatory by the person entering into the said transaction? -

- I Opening a Basic savings bank deposit account with a bank
- II Applying to a bank for issue of a credit card
- III Payment of ₹ 40,000 to mutual fund for purchase of its units
- IV Cash deposit with a post office of ₹ 1,00,000 during a day.
- V A fixed deposit of ₹ 30,000 with a NBFC registered with RBI aggregating the total deposits to ₹ 3,50,000 for the F.Y upto to the date of this deposit made.
- VI Sale of shares of an unlisted company for an amount of ₹ 60,000

Choose the correct answer:

- (a) II, IV
- (b) II, III, IV
- (c) I, II, III, V, VI
- (d) II, IV, VI

Answer: (a)

2. An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of electronic appliances. His turnover is ₹ 3,00,000 and the profit is ₹ 75,000 for the P.Y. 2021 -22. He has asked you to provide him threshold of turnover, if any, exceeding which he has to apply for PAN.

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- (a) More than ₹ 2,00,000 (c) More than ₹ 3,00,000
(b) More than ₹ 2,50,000 (d) More than ₹ 5,00,000

Answer: (d)

3. Mr. Z, a salaried individual, has a total income of ₹ 8 lakhs for A.Y. 2022-23. He furnishes his return of income for A.Y. 2022-23 on 28th August, 2022. He is liable to pay fee of –

- (a) upto ₹ 1,000 under section 234F (c) ₹ 10,000 under section 234F
(b) ₹ 5,000 under section 234F (d) Not liable to pay any fee

Answer: (b)

4. Arun's gross total income of P.Y. 2021-22 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y. 2021-22. Which of the statements is correct?

- (a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.
(b) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y. 2021-22.
(c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y. 2021-22.
(d) Arun is required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills exceed ₹ 1 lakh for the P.Y. 2021-22.

Answer: (d)

5. Which of the following returns can be revised under section 139(5)?

- (i) A return of income filed u/s 139(1)
(ii) A belated return of income filed u/s 139(4)
(iii) A return of loss filed u/s 139(3) Choose the correct answer:
(a) Only (i) (c) Only (i) and (iii)
(b) Only (i) and (ii) (d) (i), (ii) and (iii)

Answer: (d)



6. Iskon Inc., a foreign company and non-resident in India for A.Y. 2022-23, engaged in the business of trading of tube-lights outside India. The principal officer of the company has approached you to enlighten him regarding the provisions of the Income-tax Act, 1961 pertaining to the person who is required to verify the return of income in case of Iskon Inc. Advise him as to which of the following statements are correct, assuming that the company has a managing director

- I The return of income in case of Iskon Inc. can be verified by the managing director.
- II The return of income in case of Iskon Inc. can be verified by any director, irrespective of the availability or otherwise of the managing director.
- III The return of income in case of Iskon Inc. may be verified by a person who holds a valid power of attorney from such company to do so, irrespective of the availability or otherwise of the managing director.

Choose the correct answer:

- (a) I or II or III
- (b) Only I
- (c) I or III
- (d) Only III

Answer: (c)

7. Mr. Pawan is engaged in the business of roasting and grinding coffee beans. During F.Y. 2021-22, his total income is ₹ 4.5 lakhs. Mr. Pawan filed his return of income for A.Y. 2022-23 on 3rd December, 2022. What shall be the fee payable for default in furnishing in return of income for A.Y. 2022-23? -

- (a) ₹ 5,000
- (b) Not exceeding ₹ 1,000
- (c) ₹ 10,000
- (d) No fees payable as total income is below ₹ 5,00,000

Answer: (b)

8. Mr. Dinesh, a resident in India, has gross total income of ₹ 2,30,000 comprising of interest on saving A/c and rental income during the previous year 2021-22. He incurred expenditure of ₹ 2,00,000 for his son for a study tour to Europe. Whether he is required to file return of income for the assessment year 2022-23? If yes, what is the due date?

- (a) Yes, 31st July of A.Y
- (b) Yes, 30th September of A.Y
- (c) Yes, 31st October of A.Y
- (d) No, he is not required to file return of income

Answer: (d)

9. Mr. X is a working partner and Mr. Y is a non-working partner of XYZ partnership firm. XYZ Partnership firm subjected to tax audit under section 44AB for the P.Y. 2021 -22. What is the due date for filing return of income for Mr. X and Mr. Y for the A.Y. 2022-23? -

- (a) 31st July, 2022 for both Mr. X and Mr. Y
- (b) 31st October, 2022 for both Mr. X and Mr. Y
- (c) 31st July, 2022 for Mr. X and 31st October, 2022 for Mr. Y
- (d) 31st July, 2022 for Mr. Y and 31st October, 2022 for Mr. X

Answer: (b)

10. Mr. Kumar, aged 62 years resident and ordinarily resident, is a retired employee with a monthly pension of ₹ 22,000. He has no other source of income. He has a house property in Bhatinda and his only son is living in London and has a house over there. He met with an accident and died and thereby leaving the house at London in the name of his father, Mr. Kumar. Mr. Kumar seeks your advice, as to whether he is required to file his income-tax return u/s 139? – (MTP Oct 2021 Q3)

- (a) Yes, he is mandatorily required to file his income-tax return as he is a resident and ordinarily resident in India and has asset located outside India
- (b) No, he is not required to file return of income as his income is below basic exemption limit
- (c) Yes, he is required to file his return of income as his income exceeds the basic exemption limit
- (d) No, he is not required to file his return of income as he is a senior citizen and retired employee

Answer: (a)

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INTEGRATED CASE SCENARIOS

1. Mr. Ganesha (a salaried person) has three houses. One in Thane (Maharashtra), second in Jaipur (Rajasthan) and third in Ratlam (Madhya Pradesh). Details of the flats/houses are as follows: (ICAI BOOKLET)

- Thane flat: 3 BHK flat purchased in April, 2003 for ₹ 90 lakhs. Afterwards, interior work done in 2006 of ₹ 15 lakhs. Mr. Ganesha took loan of ₹ 65 lakhs for purchase of this flat in 2001 and settled full loan in 2019.
- Jaipur house: Purchased in July, 2019 of ₹ 62 lakhs and interior work done in September, 2020 of ₹ 15 lakhs. Loan taken for purchase of this house of ₹ 15 lakhs in June, 2019. As per interest certificate, he paid ₹ 12,00,500 and ₹ 43,500 towards principal and interest, respectively, during the P.Y. 2021-22.
- Ratlam House: Purchased in December 2020 for ₹ 70 lakhs (stamp duty value of ₹ 65 lakhs). For acquiring this house, he took loan of ₹ 40 lakhs from Canara Bank. Loan was sanctioned on 1.8.2020. He pays EMI of ₹ 38,100 per month. As per interest certificate, for the previous year 2021-22, he paid ₹ 60,900 and ₹ 3,96,300 towards principal and interest, respectively.

Particulars	Thane House	Jaipur House (Apr-21 to Dec-21)	Ratlam House
	Municipal Taxes paid	18,574	8,090
Municipal value (per month)	30,500	6,800	7,200
Fair Rent (per month)	33,000	7,000	7,500
Standard Rent (per month)	32,000	8,000	7,300

Other details are as follows:

- He has sold Jaipur house on 1st January, 2022 for ₹ 90 lakhs and invested ₹ 15 lakh in RECL bonds issued by the Central Government on 10th August 2022.
- Mr. Ganesha is working in WinDoor Exports Pvt Ltd, Mumbai and self-occupied Thane flat. He earned salary of ₹ 22,50,350 for the previous year 2021-22.
- He has no other income from any source for the P.Y. 2021-22.
- He has given Ratlam house on rent for F.Y. 2021-22 to Mr. Pratap on a monthly rent of ₹ 8,500.
- He has given Jaipur house on rent for the period of April, 2021 to June, 2021 to Mrs. Madhura Mahto on monthly rent of ₹ 7,100 and vacant for remaining period from July, 2021 to December, 2021.

Mr. Ganesha would not like to opt concessional tax rates available under section 115BAC.

Cost inflation index (CII) for the Financial Year (F.Y.) 2019 -20 is 289; 2020-21: 301; F.Y. 2021-22: 317.



Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

1.1. What would be Net Annual Value of each house for the previous year 2021 -22?

- (a) Thane – Nil; Jaipur – ₹ 13,210; Ratlam – ₹ 95,091
- (b) Thane – Nil; Jaipur – ₹ 54,910; Ratlam – ₹ 95,091
- (c) Thane – Nil; Jaipur – ₹ 21,300; Ratlam – ₹ 1,02,000
- (d) Thane – Nil; Jaipur – ₹ 13,210; Ratlam – ₹ 80,691

Answer: (a)

1.2. What would be income/loss under the head “Income from house property” in the hands of Mr. Ganesha?

- (a) Loss of ₹ 1,67,689
- (b) Loss of ₹ 2,86,236
- (c) Loss of ₹ 3,20,489
- (d) Loss of ₹ 3,63,989

Answer: (d)

1.3. How much amount will be carried forward as loss from house property for the subsequent assessment year 2023-24?

- (a) ₹ 3,63,989
- (b) ₹ 1,63,989
- (c) ₹ 2,00,000
- (d) ₹ 1,50,000

Answer: (b)

1.4. What would the amount of capital gains chargeable to tax in the hands of Mr. Ganesha during the previous year 2021-22?

- (a) Short-term capital gains of ₹ 13,00,000
- (b) Long-term capital gains of ₹ 21,99,308
- (c) Long-term capital gain of ₹ 6,19,574
- (d) Long-term capital gain of Nil, since he is eligible for deduction u/s 54EC in respect of amount invested in RECL bonds issued by Central Government

Answer: (c)

1.5. What would be the gross total income of Mr. Ganesha for the A.Y. 2022-23?

- (a) ₹ 26,69,920
- (b) ₹ 24,69,920
- (c) ₹ 26,19,920
- (d) ₹ 41,99,660

Answer: (c)

2. Mr. Sarthak (aged 37 years) a share broker, sold a building to his friend Anay, who is a dealer in automobile spare parts, for ₹ 120 lakh on 10.11.2021, when the stamp duty value was ₹ 150 lakh. The agreement was, however, entered into on 1.9.2021 when the stamp duty value was ₹ 140 lakh. Mr. Sarthak had received a down payment of ₹ 15 lakh by a crossed cheque from Anay on the date of agreement. Mr. Sarthak purchased the building for ₹ 95 lakh on 10.5.2018. Further, Mr. Sarthak also sold an agricultural land (situated in a village which has a population of 5,800) for ₹ 60 lakhs to Mr. Vivek on 01.03.2022, which he acquired on 15.06.2015 for ₹ 45 lakhs. Stamp duty value of agricultural land as on 1.3.2022 is ₹ 65 lakhs.

CII for F.Y. 2015 -16; 254; F.Y. 2018-19: 280; F.Y. 2021 -22: 317.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: (ICAI BOOKLET)

2.1. Is there any requirement to deduct tax at source on consideration paid or payable for transfer of building and agricultural land?

- (a) Yes; Mr. Anay and Mr. Vivek both required to deduct tax at source under section 194 -IA
- (b) Yes; Mr. Anay is required to deduct tax at source under section 194-IA.
- (c) Yes; Mr. Vivek is required to deduct tax at source under section 194 -IA.
- (d) Yes; Mr. Sarthak is required to deduct tax at source under section 194 -IA.

Answer: (b)

2.2. What amount of capital gains are chargeable to tax in the hands of Mr. Sarthak in respect of transfer of building?

- (a) Long-term capital gains of ₹ 42,44,643
- (b) Long-term capital gains of ₹ 32,44,643
- (c) Long-term capital gains of ₹ 12,44,643
- (d) Short-term capital gains of ₹ 55,00,000

Answer: (a)

2.3. Assuming that Mr. Sarthak has other income exceeding basic exemption limit, the tax payable (excluding surcharge and health and education cess) on transfer of building and agricultural land, would be -

- (a) ₹ 6,48,930
- (b) ₹ 2,48,930
- (c) ₹ 8,48,930
- (d) ₹ 16,50,000

Answer: (c)

2.4. What amount of income is chargeable to tax in the hands of Mr. Anay in respect of transfer of building?

- (a) ₹ 20 lakh
- (b) ₹ 30 lakhs
- (c) ₹ 15 lakhs
- (d) Nil

Answer: (b)

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3. Mr. Narendra Sharma, aged 54 years, an Indian citizen, carrying on retail business in Dubai. He frequently visits India for business purpose. Details of his visits in India are as follows:

- 1) Came to India on 03.12.2016 and left India on 26.04.2017
- 2) Again, came to India on 09.09.2019 and left India on 10.01.2020
- 3) Again, came to India on 27.12.2020 and left India on 20.02.2021

Afterwards he decided to shift permanently in India and closed his business in Dubai. So, he came to India on 27.11.2021 and joined Indian Company "Cosmos Heritage India Limited" at registered office in Mumbai from 01.12.2021. From December 2021, he has taken a flat on rent for ₹ 60,000 per month from Mr. Sarthak, an Indian resident, and Mr. Sarthak has provided his PAN No. to Mr. Narendra Sharma.

Following details of his salary income earned in India: (ICAI BOOKLET)

- Basic Salary – ₹ 2,75,675 per month
- COLA (Cost of Living Allowance) (forms part of retirement benefits) - ₹ 1,20,200 per month
- HRA – ₹ 1,37,838 per month
- Other Allowances – ₹ 1,56,000 per month

For the period from April 2021 to November 2021, his business income arising in Dubai is ₹ 26,00,000 and his turnover for the P.Y. 2020 -21 is ₹ 95,00,000. He is not liable to pay any tax in Dubai. Such business is controlled from Dubai. He is active in equity share trading after coming to India. Following are the details of his portfolio:

S. No	Sale/ Purchase	Company	Date of Purchase/ Sale	Qty	Price per Share ()	Brokerage
1.	Purchase	First Smile Ltd	10.12.2021	250	203	1.5%
2	Purchase	Rainbow Ltd	10.12.2021	50	503	1.5%
3.	Purchase	Mega Service Ltd	12.12.2021	150	82	1.5%
4.	Sale	First Smile Ltd	18.12.2021	100	325	1.8%
5.	Purchase	Mega Service Ltd	15.12.2021	110	110	1.5%
6.	Sale	Mega Service Ltd	26.12.2021	150	100	1.8%
7.	Purchase	Rainbow Ltd	28.12.2021	200	385	1.5%
8.	Purchase	Rainbow Ltd	03.01.2022	100	465	1.5%
9.	Sale	First Smile Ltd	23.03.2022	200	150	1.8%
10.	Sale	Mega Service Ltd	26.03.2022	110	110	1.8%

Following additional details is also given by Mr. Narendra:

- First Smile Limited issued bonus shares 1:1 on 01.02.2022 and credited the shares in his account on 10.02.2022.

- Rainbow Limited declared an interim dividend of 200% on 28.02.2022 (face value of each share is ₹ 10). The record date was 31.1.2022.

He does not opt to pay tax as per section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

3.1. What is the residential status of Mr. Narendra for the previous year 2021-22?

- (a) Resident (c) Non-resident
(b) Resident and ordinary resident (d) Deemed resident

Answer: (d)

3.2. Which of the following statements is correct, in respect of dividend paid by Rainbow Ltd. to Mr. Narendra?

- (a) Dividend received from Rainbow Ltd is exempt in the hands of Mr. Narendra. Hence, no tax is required to be deducted at source.
(b) Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra but, since the dividend is less than ₹ 10,000, no tax is required to be deducted at source.
(c) Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 525 is required to be deducted at source.
(d) Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 700 is required to be deducted at source.

Answer: (d)

3.3. What shall be the TDS liability of Mr. Narendra for rent paid to Mr. Sarthak?

- (a) There is no TDS liability of Mr. Narendra, since he is a salaried individual.
(b) Mr. Narendra is liable to deduct TDS u/s 194-I of ₹ 6,000 for each month.
(c) Mr. Narendra is liable to deduct TDS u/s 194-IB of ₹ 3,000 for each month
(d) Mr. Narendra is liable to deduct TDS u/s 194-IB of ₹ 12,000 in the month of March 2022.

Answer: (d)

3.4. What would be income chargeable to tax under the head "Income from Salaries" in the hands of Mr. Narendra for the A.Y. 2022-23:

- (a) ₹ 26,27,202 (b) ₹ 26,77,202 (c) ₹ 27,08,852 (d) ₹ 26,58,852

Answer: (a)

3.5. What is the amount of short-term capital gain chargeable to tax in the hands of Mr. Narendra on sale of shares for the P.Y. 2021-22?

- (a) ₹ 21,860 (b) ₹ 13,556 (c) ₹ 8,018 (d) ₹ 11,710

Answer: (d)

4. Miss Hetal transferred to his husband, Mr. Hemant, a residential property worth ₹ 45 lakhs located in Nagpur without any consideration. The expected rent of such property is ₹ 5 lakhs. Municipal tax of ₹ 5,000 paid by Miss Hetal for this property during the previous year 2021-22. Miss Hetal has three residential properties in Mumbai. The expected rent from the 3 properties situated in Mumbai is ₹ 10 lakhs, ₹ 11 lakhs and ₹ 12 lakhs respectively. She purchased the properties out of her own funds. Municipal taxes due are ₹ 15,000, ₹ 20,000 and ₹ 25,000. The same have, however, not been paid this year in respect of the three properties. The expected rent is lesser than the standard rent in case of all the aforementioned properties. Miss Hetal does not have any income from any other source.

Miss Hetal's father, aged 58 years had capital gains of ₹ 5 crores from sale of house property. He reinvested the proceeds from sale in another residential house of ₹ 4.98 crores and the remaining sale proceeds were deposited in his savings bank account. He has paid ₹ 1,50,000 towards LIC premium. He has no other source of income.

Miss Hetal's grandfather is aged 81 years and has interest income on fixed deposits of ₹ 6 lakhs. He has no other income for the P.Y. 2021 -22. He has to fly to USA for his treatment of cancer on 31st July, 2022 and his return of income is not filed before his flying to USA. (ICAI BOOKLET)

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

4.1. What is the amount of income liable to be taxed in the hands of Miss Hetal under the head "Income from House Property" for A.Y.2022 -23?

- (a) ₹ 7,00,000 (b) ₹ 10,46,500 (c) ₹ 10,50,000 (d) ₹ 13,76,500

Answer: (b)

4.2. What would be tax liability of Miss Hetal for the assessment year 2022-23? Compute in a manner so that her tax liability is minimum.

- (a) ₹ 66,300 (b) ₹ 88,400 (c) ₹ 87,670 (d) ₹ 1,31,510

Answer: (c)

4.3. Is Hetal's father required to furnish his return of income in India for the A.Y.2022-23?

- (a) No, he is not required, since his income does not exceed basic exemption limit
(b) Yes, he is required to furnish return of income on or before 31st July,2022

- (c) Yes, he is required to furnish return of income on or before 30th September, 2022
 (d) Yes, he is required to furnish return of income on or before 31st October, 2022

Answer: (c)

4.4. Is Miss Hetal's grandfather required to pay advance tax during the previous year 2021-22?

- (a) No, he is not required to pay advance tax, since he is a senior citizen
 (b) Yes, he is required to pay advance tax, since his tax liability exceeds ₹ 10,000
 (c) No, he is not required to pay advance tax, since he is a senior citizen and he is not having any income under the head "Profits and gains from business or profession"
 (d) Yes, he is required to pay advance tax, since his total income exceeds basic exemption limit of ₹ 5,00,000

Answer: (c)

5. Ms. Chanchal, aged 45, provides the following data of her gross receipts for the financial year 2020-21 and 2021-22. She is engaged in agency business along with providing services as tarot card reader. She is generally engaged in cash payments and cash receipts.

F.Y.	Receipts from business ()	Receipts from profession ()	Total Gross Receipts ()
2020-21	1,05,00,000	47,00,000	1,52,00,000
2021-22	98,00,000	49,00,000	1,47,00,000

She paid an amount of ₹ 12,00,000 to a contractor for polishing her old furniture in her self-occupied residential house property on 12.04.2021. Further on 05.06.2021, she has taken services from renowned interior designer for the same residential house property for which she paid ₹ 2,50,000.

On 28.05.2021, she sold one commercial property for ₹ 50,00,000. The stamp duty value on the date of registration is ₹ 58,00,000. The value adopted for stamp duty was ₹ 54,00,000 on the date of agreement (part payment by account payee cheque was received on the date of agreement). It was purchased for ₹ 40,00,000 on 28.06.2019. (Cost Inflation Index for F.Y. 2021 -22: 317, F.Y. 2019-20: 289).

The brought forward long-term capital loss from unlisted shares of F.Y. 2020 -21 is ₹ 5,50,000.

During the year, Ms. Chanchal incurred a loss of ₹ 70,00,000 while trading in the agricultural commodity derivatives (no CTT paid).



Ms. Chanchal does not want to opt for the new tax regime available under section 115BAC for A.Y. 2022 - 23.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

5.1. Is Ms. Chanchal liable to tax audit under the Income-tax Act, 1961 for the P.Y. 2021 -22?

- (a) Yes, as the total gross receipts exceeds ₹ 1,00,00,000
- (b) No, as the gross receipts from business or profession are below the specified threshold limits.
- (c) Yes, as the gross receipts from business exceeds ₹ 50,00,000
- (d) Yes, as the gross receipts from profession exceeds ₹ 25,00,000

Answer: (b)

5.2. With respect to payment made to contractor and to the interior designer during the P.Y. 2021-22, Ms. Chanchal consulted various persons and they have the following views -

- (i) She is required to deduct tax at source under section 194C and 194J, since her turnover from business for the previous year 2020-21 exceeds ₹ 1,00,00,000
- (ii) She is required to deduct tax at source under section 194M on both the payments
- (iii) She is not required to deduct tax at source neither under section 194C nor under section 194J, since such amounts are paid for personal purposes
- (iv) She is not required to deduct tax at source under section 194M, since payment to each individual does not exceed ₹ 50,00,000

Which views are correct?

- (a) (iii) and (iv) views are correct
- (b) (i) view is correct
- (c) (ii) view is correct
- (d) (i) and (iv) views are correct

Answer: (a)

5.3. What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chanchal?

- (a) ₹ 14,00,000 and Short-term capital gain.
- (b) ₹ 10,00,000 and Short-term capital gain.
- (c) ₹ 11,00,000 and Long-term capital gain.
- (d) ₹ 7,00,000 and Long-term capital gain.

Answer: (b)



5.4. What is the amount of losses which can be carried forward to A.Y. 2023-24, assuming that business income is ₹ 45,00,000 and income from profession is ₹ 25,00,000 for the P.Y. 2021-22?

- (a) ₹ 5,50,000 under section 74
- (b) ₹ 70,00,000 under section 73
- (c) No loss is required to be carried forward, since brought forward loss and current year loss are set-off against current year's income
- (d) ₹ 5,50,000 under section 74 and ₹ 70,00,000 under section 73

Answer: (a)

6. M/s Abhinav & sons, a sole proprietorship is engaged in the business of manufacturing pharmaceutical products and it had started its business on 20th June 2017. Tax head of M/s Abhinav & sons furnishes you the following particulars for the year ended 31 March 2022:

- Income under the head PGBP - ₹ 5,75,22,750
- Interest on fixed deposits (Gross) - ₹ 12,50,000 [The same was received on 30th April, 2021 after deduction of tax at source]
- Donation to PM Cares Fund - ₹ 2,50,000
- Turnover during the previous year 2021-22 - ₹ 15,50,00,000

M/s Abhinav & sons does not want to opt for the provisions of section 115BAC. It has employed total 150 employees during the P.Y. 2020-21 with an annual increment of 10% in their monthly emoluments. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee ()	Participate in recognized provident fund
1.5.2020	50	Regular	26,500	Yes
1.6.2020	65	Casual	23,000	No
1.7.2020	35	Regular	22,500	Yes

It has employed further 50 employees during the P.Y. 2021 -22. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee	Participate in recognized provident fund
1.4.2021	20	Regular	21,000	Yes
1.8.2022	30	Regular	26,000	Yes

Emoluments to all the employees are being paid by way of account payee cheque only. No employees have left the job during P.Y. 2020 - 21 as well as during P.Y.2021 -22.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

6.1. What is the due date of filing of return of income of M/s Abhinav & sons for A.Y. 2022-23?

- (a) 31st July, 2022 (c) 30th September, 2022
(b) 30th November, 2022 (d) 31st October, 2022

Answer: (d)

6.2. What shall be the amount of deduction available to M/s Abhinav & sons under section 80JJA for A.Y. 2022-23?

- (a) ₹ 36,38,250 (b) ₹ 15,12,000 (c) ₹ 46,30,500 (d) ₹ 33,84,000

Answer: (a)

6.3. What would be the total income of M/s Abhinav & sons for the A.Y. 2022-23?

- (a) ₹ 5,70,10,750 (b) ₹ 5,48,84,500 (c) ₹ 5,57,60,750 (d) ₹ 5,52,64,250

Answer: (b)

6.4. What would be the tax payable of M/s Abhinav & sons for the A.Y. 2022-23?

- (a) ₹ 2,47,47,810 (b) ₹ 1,94,68,310 (c) ₹ 2,31,92,680 (d) ₹ 2,30,67,680

Answer: (d)

7. Mr. X wanted to file his return of income for the previous year 2021 -22. He required assistance for which he has approached you. He has shared the following details relevant to the P.Y. 2021 -22.

Mr. X owned a house property in Mumbai and the same was rented out for ₹ 70,000 p.m. He claims that this was the only income which he earned during the P.Y. 2021 -22. However, when you had sought for his bank statement, you observed the following information additionally.

There is a credit for ₹ 23,975 towards income-tax refund which includes ₹ 5,775 towards interest on income-tax refund. On 15th August, 2021, the bank statement showed a credit of ₹ 55,000 which he claimed to have received as a gift from his grandchildren on his 60th birthday. On further assessment you were able to understand that Mr. X and his wife had travelled to Australia during the P.Y. 2021 -22 to spend some time with their daughter, who is staying in Australia, since her marriage. On scrutiny of their passport and relevant documents you conclude that they had left India on 27th September, 2021 and returned on 30th

March, 2022. During the 4 years preceding previous year 2021-22, both had stayed in India for 320 days. Prior to that, they had been staying only in India.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

7.1. What is the residential status of Mr. X for the P.Y. 2021 -22?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Answer: (a)

7.2. Mr. X requests you to compute his tax liability for the A.Y. 2022-23 in a manner such that his tax liability is minimum.

Accordingly, his tax liability would be (a) ₹ 22,750

- (b) ₹ 29,910
- (c) ₹ 32,510
- (d) ₹ 20,150

Answer: (a)

7.3. In continuation to question 21.2, what would be tax liability of Mr. X for the A.Y. 2022 -23, if he had paid ₹ 1,00,000 towards life insurance premium for self?

- (a) ₹ 20,150
- (b) ₹ 29,910
- (c) ₹ 10,400
- (d) Nil

Answer: (d)

7.4. Mr. X had given the house property at Mumbai on rent to Mr. Y, a salaried employee. Is there any requirement to deduct tax at source on such rent by Mr. Y, if yes, what would be the amount of TDS to be deducted?

- (a) No, there is no requirement to deduct tax at source, since Mr. Y is a salaried employee
- (b) Yes, Mr. Y is required to deduct tax at source of ₹ 42,000
- (c) Yes, Mr. Y is required to deduct tax at source of ₹ 31,500
- (d) No, there is no requirement to deduct tax at source, since Mr. X is a non-resident

Answer: (b)

7.5. Which of the following statements is correct with respect to advance tax liability of Mr. X for P.Y. 2021-22?

- (a) Advance tax liability shall not arise to Mr. X since he is a non-resident

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- (b) Advance tax liability shall not arise, since Mr. X is a resident senior citizen and he has no income chargeable under the head "Profits and gains of business or profession"
- (c) Advance tax liability shall arise, since he is a non-resident
- (d) Advance tax liability shall arise, since his tax liability is not less than ₹ 10,000

Answer: (b)

8. Mr. Zukaro, aged 42 years, a Singapore citizen, visits India for business purpose on a regular basis. He was in India for the first time in the year 2017-18 for 270 days, in the year 2018-19 for 190 days, in the year 2019-20 for 145 days and in the year 2020-21 for 155 days. In the current financial year 2021-22, he along with his family had come to India on 10th August, 2021 for a pleasure trip. His family returned to Singapore on 31st August, 2021, however he stayed back to complete some business commitments and then returned to Singapore on 17th November, 2021.

Mr. Zukaro owns a manufacturing unit in Singapore. He basically comes to India for procurement of raw material. He has appointed Mr. Manish, as a dependent agent in Mumbai, who procures raw material from India and then exports it to Singapore to his manufacturing unit and then sells the finished product there. An income of ₹ 8,75,000 was received in Singapore out of this activity in the P.Y. 2021-22. He had purchased a residential property for ₹ 17,50,000 in Indore in April 2018. On getting an attractive deal in November, 2021, he sold the property for ₹ 26,25,000. He also paid brokerage @2% on sales consideration.

Mr. Zukaro had also purchased an agricultural land in India and leased it out to a tenant. The tenant shares a portion of his agricultural income with Mr. Zukaro as a consideration for rent of land every year. The share in the income from the land for the previous year 2021-22 was ₹ 6,50,000.

Cost inflation index (CII) for the Financial Year (F.Y.) 2018 -19 is 280; F.Y. 2021 -22: 317

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

- 8.1. What is the Residential Status of Mr. Zukaro for the assessment year 2022-23?
- (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Non-resident
 - (d) Deemed resident but not ordinarily resident

Answer: (a)

8.2. Assume for the purpose of answering this question only, that Mr. Zukaro is a non-resident in India for the P.Y. 2021 -22, would income of ₹ 8,75,000 earned through activity of procuring raw material for manufacturing unit in Singapore be taxable in India?

- (a) Yes, since it is deemed to accrue or arise in India through a business connection in India

- (b) No, as it is confined to purchase of goods in India for further export and hence not an income deemed to accrue or arise in India
- (c) Yes, as business is controlled from India
- (d) No, as income is received outside India

Answer: (b)

8.3. Would income be arising from transfer of residential property in Indore is chargeable to tax in India in the hands of Mr. Zukaro? If yes, compute the amount of capital gains chargeable to tax.

- (a) Yes, long term capital gain of ₹ 5,91,250 is chargeable to tax, since income is deemed to accrue or arise in India and hence taxable in his hands though he is non- resident in India
- (b) Yes, long term capital gain of ₹ 6,43,750 is chargeable to tax, since he is resident in India
- (c) Yes, long term capital gain of ₹ 5,91,250 is chargeable to tax, since he is resident in India
- (d) Yes, long term capital gain of ₹ 6,43,750 is chargeable to tax, since income is deemed to accrue or arise in India and hence taxable in his hands though he is non- resident in India

Answer: (c)

8.4. Would income that is earned from agricultural land given on lease is taxable in the hands of Mr. Zukaro?

- (a) No, such income is exempt, since it is agricultural income
- (b) Yes, such income is taxable as income from house property, since land is given on lease
- (c) Yes, such income is taxable as income from other sources, since land is given on lease
- (d) Yes, such income is taxable since he is non-resident even though it is an agricultural income.

Answer: (a)

8.5. What is the tax liability of Mr. Zukaro for A.Y. 2022-23 assuming he does not opt to pay tax under section 115BAC?

- (a) ₹ 2,13,980
- (b) ₹ 4,03,780
- (c) ₹ 2,95,750
- (d) ₹ 3,07,580

Answer: (d)

9. Mr. A (aged 52 years), is a CEO of XYZ Enterprise Limited. During the previous year 2021 -22, he earned salary of ₹ 1,65,00,000 and long- term capital gain on sale of listed equity shares (STT paid) amounting to ₹ 1,06,500. He earned interest of ₹ 4,82,778 on saving bank account. Further, he has provided the following other information for filing his return of income: (Also, in RTP Nov 2020)

He does not receive house rent allowance from his employer. Mr. A took a loan from State Bank of India on 27th October 2019 for repairing his house (self-occupied) at Delhi and paid interest on such borrowings of ₹ 80,000 and ₹ 1,50,000 towards principal amount during the previous year 2021-22.

Mr. A has made the following payments towards medical insurance premium for health policies taken for his family members:

Medical premium for his brother: ₹ 13,500 (by cheque)

Medical premium for his parents: ₹ 17,670 (by cheque)

Medical premium for self and his wife: ₹ 21,000 (by cheque).

He also incurred ₹ 6,400 towards preventive health check-up of his wife in cash. He deposited ₹ 1,00,000 towards PPF. He also deposited ₹ 50,000 and ₹ 2,50,000 towards Tier I and Tier II NPS A/c, respectively.

He has paid ₹ 5,30,000 as advance tax. His employer has deducted tax at source of ₹ 51,89,000. He is of the opinion that the balance amount of tax, if any, he will pay on 27th July 2022 (i.e., before the due date for filing of return of income).

Mr. A does not want to opt for section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

9.1. What would be the amount of deduction available to Mr. A under Chapter VI-A for the assessment year 2022-23?

- (a) ₹ 2,04,070 (b) ₹ 2,42,670 (c) ₹ 2,52,670 (d) ₹ 2,02,670

Answer: (d)

9.2. Assume that, for the purpose of answering this question alone, that Mr. A pays rent of ₹ 65,000 per month for his rented house at Mumbai to Mr. C, a resident individual, is Mr. A liable to deduct TDS on such rent. If so, what would be the rate and amount of TDS?

- (a) Yes, Mr. A is liable to deduct TDS @ 3.75% amounting to ₹ 2,438 every month i.e., at the time of payment of such rent
- (b) Yes, Mr. A is liable to deduct TDS @5% amounting to ₹ 3,250 every month i.e., at the time of payment of such rent
- (c) Yes, Mr. A is liable to deduct TDS @5% amounting to ₹ 39,000 in the month of March 2022
- (d) No, Mr. A is not liable to deduct TDS, since he is a salaried person

Answer: (c)

9.3. What would be the amount of net tax payable for the assessment year 2022-23 in the hands of Mr. A?

- (a) ₹ 78,230 (b) ₹ 60,290 (c) ₹ 49,530 (d) ₹ 67,470

Answer: (c)

9.4. What would be the amount of interest chargeable under section 234B on account of short payment of advance tax?

- (a) ₹ 1,980 (b) Nil (c) ₹ 3,130 (d) ₹ 2,410

Answer: (b)

10. Mr. Akash had bought a residential house worth ₹ 2.5 crores at South Extension, Delhi in 2019 and let out the house on rent to Mr. Riyaz. The property was funded through loan from PNB. The interest due for F.Y. 2021-22 to PNB is ₹ 25 lakhs, out of which he paid only ₹ 20 lakhs during the year. Mr. Akash then took a loan of ₹ 1.5 crores from SBI on 1.7.2021 for construction of first floor in that house for self-occupation. The construction is in progress as on 31.3.2022. Mr. Akash started repaying EMIs due to SBI. During the P. Y. 2021-22, he repaid principal amount of ₹ 25 lakhs and ₹ 5 lakhs to PNB and SBI, respectively. He also paid interest of ₹ 8 lakhs to SBI out of ₹ 10 lakhs, being interest due for the period from 1.7.2021 to 31.3.2022. (Also, in MTP Nov 2021)

Mr. Akash owns another house in Haryana. He transferred that house to his minor daughter Miss Sia on her birthday as her birthday gift. Miss Sia gave the said house to the local Panchayat from September, 2021 at a rent of ₹ 5,000 per month. Mrs. Akash's total income for A.Y. 2022-23 is higher than that of Mr. Akash. This is the first year when Miss Sia has any source of income.

Mr. Akash bought electric vehicle worth ₹ 50 lakhs on loan from BSM Bank which it sanctioned on 1.4.2021. BSM Bank charged interest of ₹ 7 lakhs on electric vehicle for the P.Y. 2021-22. Mr. Akash has also taken loan from ABC Bank for his daughter's higher education. He paid ₹ 50,000 as interest to ABC Bank. He also paid Mediclaim of ₹ 20,000 to New India Assurance Scheme for insuring his health via cheque.

Mrs. Akash owns a shop of 200 square feet area in Gurgaon. She rented it to Mr. Vishal from October, 2021 at ₹ 60,000 per month, who gave her an interest-free deposit of ₹ 1,50,000.

From the information given above, choose the most appropriate answer to the following questions -

10.1. What is the amount of interest allowable as deduction u/s 24(b) to Mr. Akash for A.Y. 2022-23?

- (a) ₹ 2 lakhs (b) ₹ 25 lakhs (c) ₹ 28 lakhs (d) ₹ 35 lakhs

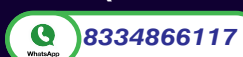
Answer: (b)

10.2. What is the amount of deduction permissible to Mr. Akash under Chapter VI-A of Income-tax Act, 1961 for A.Y. 2022-23?

- (a) ₹ 1,70,000 (b) ₹ 2,20,000 (c) ₹ 3,70,000 (d) ₹ 9,20,000

Answer: (c)

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10.3. Is notional interest on interest free deposit received in respect of shop let out on rent chargeable to income-tax? If so, under which head of income would the same be taxable?

- (a) No, it is not chargeable to tax
- (b) Yes, it is chargeable to tax as profits and gains from business, since a commercial property has been let out.
- (c) Yes, it is chargeable to tax as "Income from Other Sources", being the residuary head of income.
- (d) Yes, it is chargeable to tax as "Income from house property", since section 22 does not distinguish between a residential house property and commercial house property.

Answer: (a)

10.4. In whose hands would Sia's rental income from house property at Haryana be taxable and how much income would be taxable?

- (a) In Sia's hands; ₹ 24,500
- (b) In Mr. Akash's hands; ₹ 24,500
- (c) In Mrs. Akash's hands; ₹ 23,000
- (d) It would change every year depending on the parent whose income is higher in that year.

Answer: (b)

11. Mr. Alishaan is engaged in the business of clothes trading since 2015 and Mrs. Alishaan is a house wife. Their minor daughter's marriage is fixed in October, 2021. Mr. Alishaan planned destination wedding in Udaipur for his minor daughter. For the wedding, he withdrew ₹ 40,00,000 cash in the month of August, 2021 and ₹ 65,00,000 cash in the month of September, 2021 from Aapka Paisa Bank.

He booked 30 rooms for 5 days for the accommodation of his relatives in Raho Hotel and paid ₹ 40,000 in cash as advance and balance by account payee cheque. He took the catering services of Daana Caterers, a sole proprietor, for the wedding for which he paid ₹ 10,20,000 on 15.9.2021. On her wedding, he gifted his daughter a house property, purchased from RK Builders on 10.9.2021 by account payee cheque for ₹ 15,00,000. The stamp duty value of the property on 10.9.2021 is ₹ 16,00,000 and on the date of transfer to minor daughter is ₹ 20,00,000.

Mr. Alishaan paid ₹ 45,000 in cash and balance in cheque to travel agent for the return ticket of some of his relatives to US. He regularly files his return of income on time but he failed to file his return of income of P.Y. 2019-20. His daughter let out the house property received from him at a monthly rent of ₹ 40,000 from 01.11.2021. (ICAI BOOKLET)

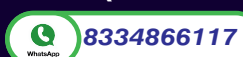
Based on the above information, choose the most appropriate option of the following Multiple-Choice Questions (MCQs):-

11.1 The amount of tax to be deducted by Aapka Paisa Bank on cash withdrawals by Mr. Alishaan is -

- (a) ₹ 10,000
- (b) ₹ 25,000
- (c) ₹ 1,85,000
- (d) ₹ 4,25,000

Answer: (a)

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11.2. The amount of tax to be deducted by Mr. Alishaan on payment made to Daana Caterers is -

- (a) ₹ 1,200 (b) ₹ 900 (c) ₹ 150 (d) Nil

Answer: (d)

11.3. For which of the following transactions, Mr. Alishaan is required to quote his PAN?

- (a) Purchase of immovable property from RK Builders
(b) Payment to Raho Hotel
(c) Payment to Travel agent
(d) All of the above

Answer: (a)

11.4 What shall be the amount taxable and in whose hands with respect to purchase of immovable property by Mr. Alishaan from RK Builders and gift of the same to his daughter?

- (a) ₹ 1,00,000 in the hands of Mr. Alishaan, ₹ 1,00,000 in the hands of RK builders and ₹ 20,00,000 in the hands of minor daughter
(b) Nothing is taxable in the hands of Mr. Alishaan, RK Builders and minor daughter
(c) ₹ 1,00,000 in the hands of Mr. Alishaan, ₹ 1,00,000 in the hands of RK builders and nothing is taxable in the hands of minor daughter
(d) Nothing is taxable in the hands of Mr. Alishaan and RK Builders but ₹ 20,00,000 is taxable in the hands of minor daughter

Answer: (b)

11.5. What shall be the amount taxable under "Income from House property" with respect to let out of house property by daughter of Mr. Alishaan and in whose hands it will taxable?

- (a) ₹ 1,40,000 taxable in the hands of daughter of Mr. Alishaan
(b) ₹ 1,40,000 taxable in the hands of husband of daughter of Mr. Alishaan
(c) ₹ 1,38,500 taxable in the hands of Mr. Alishaan
(d) ₹ 1,40,000 taxable in the hands of Mr. Alishaan

Answer: (c)

12. Ms. Chanchal, aged 45, provides the following data of her gross receipts for the financial year 2018-19 and 2019-20. She is engaged in agency business along with providing services as tarot card reader.

F.Y.	Receipts from business ()	Receipts from profession ()	Total Gross Receipts ()
2018-19	78,00,000	43,00,000	1,21,00,000
2019-20	85,00,000	47,00,000	1,32,00,000

During the F.Y. 2019-20, she paid an amount of ₹ 1,20,000 to a contractor for polishing her old furniture. She has taken services from renowned interior designers for her self-occupied residential house property for which she paid ₹ 2,50,000.

Further, on 28.05.2019 she sold one commercial property for ₹ 50,00,000. The value adopted for stamp duty was ₹ 52,00,000. It was purchased for ₹ 40,00,000 on 28.04.2017. (Cost Inflation Index for F.Y. 2019 -20: 289, F.Y. 2017 -18: 272).

The brought forward long-term capital loss from unlisted shares of F.Y. 2018 -19 is ₹ 7,80,000.

During the year, Ms. Chanchal incurred a loss of ₹ 70,00,000 while trading in the agricultural commodity derivatives (no CTT paid).

From the details given above, choose the most appropriate option to the questions given below:

- (i) Is Ms. Chanchal liable to tax audit under the Income-tax Act, 1961 for the P.Y. 2019 - 20?
- (a) Yes, as the total gross receipts exceeds ₹ 1,00,00,000
 (b) No, as the gross receipts from business or profession are below the specified threshold limits.
 (c) Yes, as the gross receipts from business exceed ₹ 50,00,000
 (d) Yes, as the gross receipts from profession exceed ₹ 25,00,000

Answer: (b)

- (ii) What is the total amount of tax to be deducted by Ms. Chanchal for P.Y. 2019 -20?

- (a) ₹ 1,200 (b) ₹ 26,200 (c) Nil (d) ₹ 27,400

Answer: (c)

- (iii) What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chanchal?

- (a) ₹ 10,00,000 and Short-term capital gain.
 (b) ₹ 12,00,000 and Short-term capital gain.
 (c) ₹ 7,50,000 and Long-term capital gain.
 (d) ₹ 9,50,000 and Long-term capital gain.

Answer: (c)

(iv) What is the amount of losses which can be carried forward to A.Y. 2021-22, assuming that business income is ₹ 45,00,000 and income from profession is ₹ 25,00,000 for the P.Y. 2019 -20?

- (a) ₹ 7,80,000 under section 74
- (b) ₹ 70,00,000 under section 73
- (c) ₹ 30,000 under section 74
- (d) ₹ 30,000 under section 74 and ₹ 70,00,000 under section 73

Answer: (c)

13. Mr. Sarthak (age 37 years) a share broker, sold a building to his friend Anay, who is a dealer in automobile spare parts, for ₹ 120 lakh on 10.11.2019, when the stamp duty value was ₹ 150 lakh. The agreement was, however, entered into on 1.9.2019 when the stamp duty value was ₹ 140 lakh. Mr. Sarthak had received a down payment of ₹ 15 lakh by a crossed cheque from Anay on the date of agreement. Mr. Sarthak purchased the building for ₹ 95 lakh on 10.5.2017. Further, Mr. Sarthak also sold an agricultural land (situated in a village which has a population of 5,800) for ₹ 60 lakhs to Mr. Vivek on 01.03.2020, which he acquired on 15.06.2014 for ₹ 45 lakhs. Stamp duty value of agricultural land as on 1.3.2020 is ₹ 75 lakhs

CII for F.Y. 2014 -15: 240; F.Y. 2017-18: 272; F.Y. 2019 -20: 289. (RTP May 2020)

In the light of the above facts, you are required to answer the following:

- (i) Is there any requirement to deduct tax at source on consideration paid or payable on transfer of building and agricultural land?
 - (a) No; no tax is required to be deducted at source on transfer of any capital asset
 - (b) Yes; Mr. Anay is required to deduct tax at source under section 194-IA.
 - (c) Yes; Mr. Vivek is required to deduct tax at source under section 194-IA.
 - (d) Yes; Mr. Sarthak is required to deduct tax at source under section 194-IA.

Answer: (b)

(ii) In respect of transfer of building, capital gains chargeable to tax in the hands of Mr. Sarthak would be

- (a) long-term capital gains of ₹ 49,06,250
- (b) long-term capital gains of ₹ 39,06,250
- (c) short-term capital gains of ₹ 45,00,000
- (d) short-term capital gains of ₹ 55,00,000

Answer: (a)

(iii) Assuming that Mr. Sarthak has other income exceeding basic exemption limit, the tax payable (excluding surcharge and health and education cess) on transfer of building and agricultural land, would be

- (a) ₹ 7,81,250 (b) ₹ 13,97,500 (c) ₹ 9,81,250 (d) ₹ 10,97,500

Answer: (c)

(iv) In respect of purchase of building from Mr. Sarthak, income chargeable to tax in the hands of Mr. Anay would be

- (a) ₹ 20 lakh (b) ₹ 30 lakhs (c) ₹ 15 lakhs (d) Nil

Answer: (b)

Scribble



3. Which of the following services received, in the course or furtherance of business, without consideration amount to supply?

- (i) Import of services by a person in India from his son well-settled in USA
 - (ii) Import of services by a person in India from his brother well- settled in Germany
 - (iii) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
 - (iv) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
- (a) i, iii and iv (b) ii, iii and iv (c) ii and iii (d) i and ii

Answer: (a)

4. Which of the following statements is true under GST law?

- (a) Grand-parents are never considered as related persons to their grand-son/grand-daughter
- (b) Grand-parents are always considered as related persons to their grand-son/grand-daughter
- (c) Grand-parents are considered as related persons to their grand- son/grand-daughter only if they are wholly dependent on their grand-son/grand-daughter
- (d) Grand-parents are considered as related persons to their grand- son/grand-daughter only if they are not dependent on their grand-son/grand-daughter

Answer: (c)

5. Assuming that all the activities given below are undertaken for a consideration, state which of the following is not a supply of service?

- (a) Renting of commercial office complex
- (b) An employee agreeing to not work for the competitor organization after leaving the current employment
- (c) Repairing of mobile phone
- (d) Provision of services by an employee to the employer in the course of employment

Answer: (d)

6. Goods as per section 2(52) of the CGST Act, 2017 includes:

- (i) Actionable claims
- (ii) Growing crops attached to the land agreed to be severed before supply.
- (iii) Money

(iv) Securities

(a) (i) and (iii)

(b) (iii) and (iv)

(c) (i) and (ii)

(d) (ii) and (iii)

Answer: (c)

7. Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act, 2017?

(i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.

(ii) Mr. Raghuvver, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle was blocked and therefore, was not availed.

(iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.

(a) (i)

(b) (ii)

(c) (iii)

(d) Both (i) and (ii)

Answer: (a)

8. Which of the following is not covered under Schedule III of CGST Act, 2017?

(a) Director's monthly salary under employment agreement

(b) Sitting fees to independent directors for attending AGMs

(c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.

(d) Both (b) and (c)

Answer: (d)

3

CHARGE OF GST

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov-20	Nov-19	May-19
MTP	-	Q5	-	-	-	-	-	-
RTP	-	-	-	-	Q11	Q8	-	-
ICAI Booklet	Q1-Q11	-	-	-	-	-	-	-

ICAI BOOKLET

1. X & Co., a supplier registered under GST in Meghalaya, wants to opt for composition levy. The aggregate turnover limit for composition levy is-

- (a) ₹ 50 lakh (c) ₹ 1.5 crore
 (b) ₹ 75 lakh (d) none of the above

Answer: (b)

2. How the aggregate turnover is calculated for determining threshold limit of registration?

- (a) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis and inter-State supplies), exempt supplies and export of goods/services.
- (b) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and inter-State supplies of a person computed for each State separately.
- (c) Aggregate value of all taxable intra-State supplies, export of goods/services and exempt supplies of a person having same PAN computed for each State separately.
- (d) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and inter-State

supplies of a person having same PAN computed on all India basis and excluding taxes if any charged under CGST Act, SGST Act and IGST Act.

Answer: (d)

3. Can a registered person under composition scheme collect GST on his outward supplies from recipients?

- (a) Yes, in all cases
- (b) Yes, only on such goods as may be notified by the Central Government
- (c) Yes, only on such services as may be notified by the Central Government
- (d) No

Answer: (d)

4. In case of Goods Transport Agency (GTA) services, tax is to be paid under forward charge if:

- (a) GST is payable @ 12%
- (b) GST is payable @ 5% and a factory registered under the Factories Act, 1948 is the recipient of GTA service.
- (c) An unregistered individual end consumer is the recipient of GTA service.
- (d) A registered casual taxable person is the recipient of GTA service.

Answer: (a)

5. Rama Ltd. has provided following information for the month of September:

Intra-State taxable outward supply	₹ 8,00,000
Inter-State exempt outward supply	₹ 5,00,000
Turnover of exported goods	₹ 10,00,000
Payment made for availing GTA services*	₹ 80,000

* GTA not paying tax @ 12%

Calculate the aggregate turnover of Rama Ltd.

- (a) ₹ 8,00,000
- (b) ₹ 23,80,000
- (c) ₹ 23,00,000
- (d) ₹ 18,00,000

Answer: (c)

6. Which of the following persons engaged in making intra-state supplies from Uttar Pradesh, as prescribed below, is not eligible for composition levy under sub-sections (1) and (2) of the CGST Act, 2017 even though their aggregate turnover does not exceed ₹ 1.5 crore in preceding FY?

- (a) A person supplying restaurant services
- (b) A person supplying restaurant services and earning bank interest
- (c) A person trading in ice cream
- (d) A person supplying service of repairing of electronic items

Answer: (d)

7. Which of the following is not eligible for opting composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017?

- (a) M/s ABC, a firm selling garments solely in Ahmedabad, having aggregate turnover of ₹ 78 lakh in the preceding F.Y.
- (b) A start-up company exclusively operating a restaurant in Delhi, having aggregate turnover of ₹ 98 lakh in the preceding F.Y.
- (c) A courier service company operating solely in Mumbai having aggregate turnover of ₹ 90 lakh in the preceding F.Y.
- (d) A trader selling grocery items solely in Orissa having an aggregate turnover of ₹ 95 lakh in the preceding F.Y.

Answer: (c)

8. XX, registered in Delhi, purchased books from PC Traders, registered in Uttar Pradesh. Books are exempt from GST. XX arranged the transport of these books from a goods transport agency (GTA) which charged a freight of ₹ 9,000 for the same. GST is payable @ 5% on such GTA services. Which of the following statement is correct in the given context:

- (a) GST of ₹ 450 is payable by XX on reverse charge basis.
- (b) Supply of goods and supply of GTA service is a composite supply wherein supply of goods is the principal supply and since principal supply is an exempt supply, no tax is payable on freight.
- (c) Since exempt goods are being transported, service provided by GTA for transporting the same is also exempt.
- (d) GST of ₹ 450 is payable by the GTA.

Answer: (a)



9. Ram, an individual, based in Gujarat, is in employment and earning ₹ 10 lakh as salary. He is also providing consultancy services to different organizations on growth and expansion of business. His turnover from the supply of such services is ₹ 12 lakh. Determine whether Ram is liable for taking registration as per provisions of the Act? -

- (a) Yes, as his aggregate turnover is more than ₹ 20 lakh.
- (b) No, as his aggregate turnover is less than ₹ 40 lakh.
- (c) No, as services in the course of employment does not constitute supply and therefore, aggregate turnover is less than ₹ 20 lakh.
- (d) Yes, since he is engaged in taxable supply of services.

Answer: (c)

10. Harish Trading Company situated in Haryana, is a dealer of seeds (exempt by exemption notification) & chemical fertilizers (taxable). He is about to cross the threshold limit of registration under GST and wants to opt for Composition Scheme under section 10(1) and 10(2) of the CGST Act. His entire supply is made exclusively within the State of Haryana. You being his Chartered Accountant, advise whether he can do so or not?

- (a) Yes, since aggregate turnover is less than ₹ 1.5 crore.
- (b) No, a person effecting supply exempted by way of exemption notification cannot opt for composition scheme under section 10(1) and 10(2) of the CGST Act.
- (c) No, a trader cannot opt for composition scheme.
- (d) No, a supplier of chemical fertilizer cannot opt for composition scheme.

Answer: (a)

CASE SCENARIO

11. Mr Mandeep, a registered dealer, is engaged in the business of supplying construction material in the State of Assam. He availed architect services for his business from his friend in London free of cost. He also availed designing services from his brother in London for ₹ 5 lakh for his personal purposes.

He availed services, from an entity in India, which are liable to tax under reverse charge for which date of invoice was 1st September, payment date as per his books of account and as per his bank account was 15th November and 18th November respectively.

His turnover for the current financial year is as follows- Taxable supply of goods – ₹ 55 lakh

Exempt supply of goods – ₹ 16 lakh

Inward supply liable to tax under reverse charge – ₹ 8 Lakh



He intends to start providing services, other than restaurant services, also from the next financial year and also to avail composition scheme under section 10(1) of the CGST Act, 2017. He also wishes to make supplies to the Government.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the information given above, choose the most appropriate answer for the following questions-

11.1 In respect of services imported by Mr. Mandeep, which of the following is a correct statement?

- i. Architect services for his business from his friend in London free of cost is considered as a supply
- ii. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.
- iii. Architect services for his business from his friend in London free of cost is not considered as a supply
- iv. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.

- (a) i & ii (b) i & iv (c) ii & iii (d) iii & iv

Answer: (c)

11.2 Determine the time of supply of services, received by Mr. Mandeep and taxable under reverse charge?

- (a) 1st September (c) 15th November
(b) 1st November (d) 18th November

Answer: (b)

11.3 Compute the aggregate turnover of Mr. Mandeep for the given financial year?

- (a) ₹ 63 lakh (b) ₹ 79 lakh (c) ₹ 71 lakh (d) ₹ 55 lakh

Answer: (c)

11.4 Mr Mandeep will be eligible for composition scheme under section 10(1) of the CGST Act, 2017, in the next financial year, but he can supply services only up to ____

- (a) ₹ 5.00 lakh (b) ₹ 6.3 lakh (c) ₹ 7.90 lakh (d) ₹ 7.10 lakh

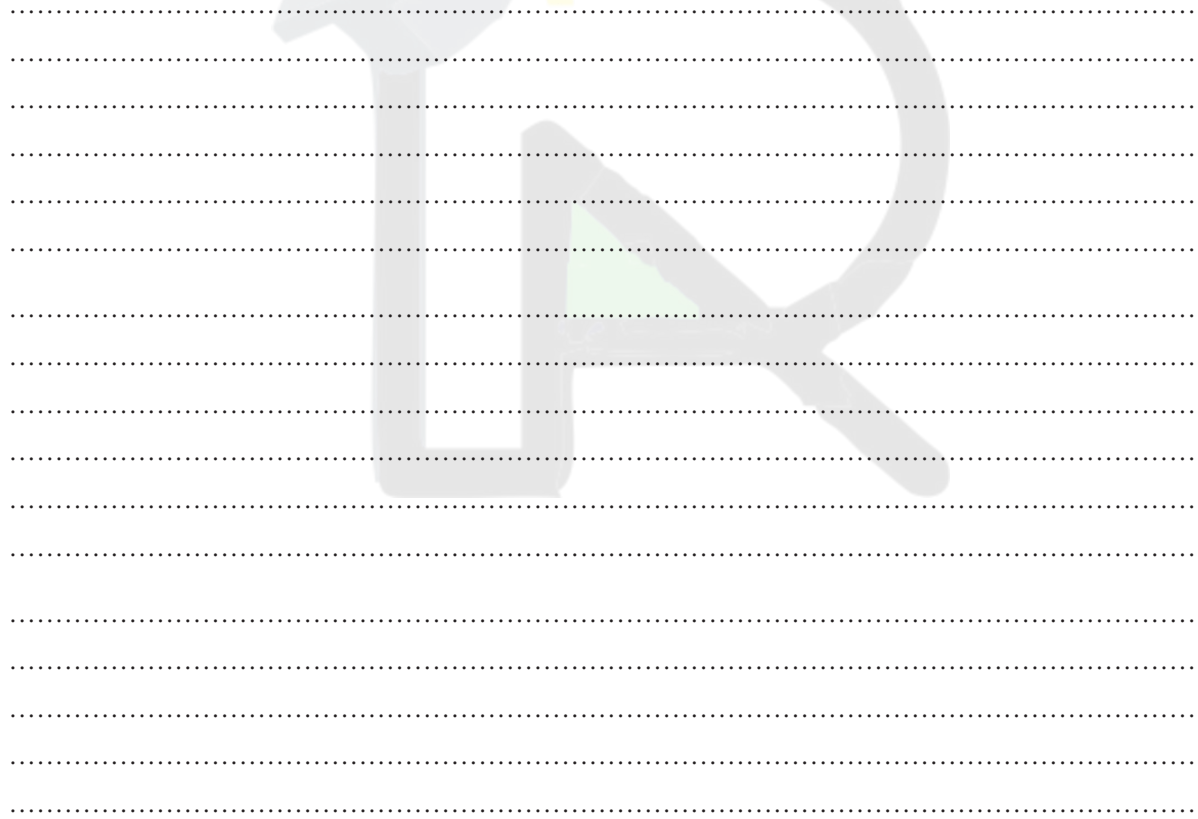
Answer: (d)

11.5 In case he supplies services to State Government by way of any activity in relation to any function entrusted to a Municipality under Article 243W of the Constitution, in the next financial year, which of the following will be exempt?


- i. Pure Services
 - ii. Composite supply of goods and services in which value of supply of goods constitutes not more than 25% of value of said composite supply
 - iii. Composite supply of goods and services in which value of supply of service constitutes not more than 25% of value of said composite supply
- (a) i & iii (b) ii & iii (c) i, ii & iii (d) i & ii

Answer: (d)

Scribble



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- (c) Services provided by cord blood bank for preservation of stem cells.
- (d) Service provided by commentator to a recognized sports body

Answer: (d)

7. An exempt supply includes-

- (i) Supply of goods or services or both which attracts Nil rate of tax
 - (ii) Non-taxable supply
 - (iii) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- (a) (i) (c) (ii) and (iii)
(b) (i) and (ii) (d) (i), (ii) and (iii)

Answer: (d)

8. Which of the following services are exempt from GST?

- (a) Services by an artist by way of a performance in classical art forms of painting/sculpture making etc. with consideration thereof not exceeding ₹ 1.5 lakh.
- (b) Services by an artist by way of a performance in modern art forms of music/ dance/ theatre with consideration thereof not exceeding ₹ 1.5 lakh.
- (c) Services by an artist by way of a performance in folk or classical art forms of music/ dance/theatre with consideration thereof exceeding ₹ 1.5 lakh.
- (d) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration thereof not exceeding ₹ 1.5 lakh.

Answer: (d)

9. Services by way of admission to ___ is not exempt from GST.

- (a) Museum
- (b) National Park
- (c) Tiger reserve
- (d) Recognised sporting event where the admission ticket costs ₹ 600 per person.

Answer: (d)

10. Warehousing services of ___ is exempt from GST.

- (i) Rice
 - (ii) Minor forest produce
 - (iii) Jaggery
 - (iv) Coffee
- (a) i, ii, iii and iv (c) ii, iii and iv
(b) i and iii (d) iii

Answer: (a)

11. Which of the following services are exempt from GST?

- (a) Admission to a circus where entry ticket costs ₹ 550 per person
- (b) Interest charged on outstanding credit card balances
- (c) Services by an organiser to any person in respect of a business exhibition held in India
- (d) Services by a foreign diplomatic mission located in India

Answer: (d)

12. Input tax credit shall not be available in respect of:

- (i) Goods used for personal consumption
 - (ii) Membership of a club provided by the employer to its employees as per company's internal policy.
 - (iii) Travel benefits extended to employees on vacation such as leave or home travel concession as per company's internal policy.
- (a) (i) (c) (ii) and (iii)
(b) (i) and (ii) (d) (i), (ii) and (iii)

Answer: (d)

13. Which of the following is treated as exempt supply under the CGST Act, 2017?

- (i) Sale of liquor
- (ii) Supply of health care services by a hospital
- (iii) Transmission of electricity by an electricity transmission utility

- (a) (i) (c) (ii) and (iii)
(b) (ii) (d) (i), (ii) and (iii)

Answer: (d)

13. Which of the following is a recognised system of medicine for the purpose of exemption for health care services?

- (i) Allopathy
(ii) Unani
(iii) Siddha
(a) (i) (c) (ii) and (iii)
(b) (ii) (d) (i), (ii) and (iii)

Answer: (d)

14. Which of the following services is exempt under health care services provided by clinical establishments?

- (a) Chemist shop in the hospital selling medicines to public at large.
(b) Food supplied by canteen run by the Hospital to in-patients as per diet prescribed by the hospital's dietician.
(c) Food supplied to the visitors or attendants of the patients in the hospital by canteen run by the Hospital.
(d) Advertisement services provided by the hospital to a pharmaceutical company for their asthma pump by displaying it prominently in the hospital building

Answer: (b)

15. Sahil, a resident of Delhi, is having a residential property in Vasant Vihar, Delhi which has been given on rent to a family for ₹ 50 lakh per annum for use as a residence. Determine whether Sahil is liable to pay GST on such rent.

- (a) Yes, as services by way of renting is taxable supply under GST.
(b) No, service by way of renting of residential property is exempt.
(c) No, service by way of renting of residential property does not constitute supply.
(d) Sahil, being individual, is not liable to pay GST.

Answer: (b)

16. An exempt supply includes

- (i) Supply of goods or services or both which attracts Nil rate of tax
 - (ii) Non-taxable supply
 - (iii) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- (a) (i) (c) (ii) and (iii)
(b) (i) and (ii) (d) (i), (ii) and (iii)

Answer: (d)

17. While conducting the GST audit of Vishwas Bank, it was discovered that bank has not charged GST on certain supplies made by it. In this respect, determine which of the following supplies made by Bank is taxable? (Study material page no. 4.64)

- (a) Discounting of bills receivable
- (b) Interest charged on loans
- (c) Interest charged on credit card services
- (d) Sale of foreign currency amongst banks

Answer: (c)

18. Kala Niketan School is an educational institution providing pre-school education and education up to higher secondary school. Which of the following services are exempt if provided to Kala Niketan School?

- (i) Transportation of students, faculty and staff
 - (ii) Catering services
 - (iii) Cleaning services performed in such educational institution
- (a) (i) (c) (ii) and (iii)
(b) (i) and (iii) (d) (i), (ii) and (iii)

Answer: (d)

19. Which of the following service is not exempt under GST?

- (a) Loading and unloading of paddy
- (b) Loading and unloading of sugarcane
- (c) Loading and unloading of tea bags
- (d) Loading and unloading of potato

Answer: (c)

5

TIME AND VALUE OF SUPPLY

Unit I: Time of Supply

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May -20	Nov-20	Nov-19	May-19
MTP	-	-	-	-	-	-	-	-
RTP	-	Q5	-	-	Q6	-	-	-
ICAI Booklet	Q1-Q5	-	-	-	-	-	-	-

1. The time of supply of service in case of reverse charge mechanism is:

- (a) Date on which payment entered in the books of account of the recipient
- (b) Date immediately following 60 days from the date of issue of invoice
- (c) Date on which the payment is debited in the bank account of recipient
- (d) Earlier of (a), (b) and (c)

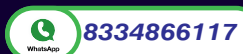
Answer: (d)

2. Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act?

- (a) Services supplied by arbitral tribunal to business entity located in Ladakh
- (b) Sponsorship services provided to a partnership firm located in Jammu & Kashmir
- (c) Sponsorship services provided to a body corporate located in Kerala
- (d) Service of renting of motor vehicle for passengers provided to a recipient other than body corporate.

Answer: (d)

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3. In case of supply of goods for ₹ 5,00,000, following information is provided-

Advance received on 1st April Invoice issued on 15th April Goods removed on 25th April

What is the time of supply of goods, where tax is payable under forward charge?

- (a) 1st April (b) 15th April (c) 25th April (d) 30th April

Answer: (b)

4. Sham Ltd., located in Mumbai, is receiving legal services from a lawyer Mr. Gyan, registered under GST. The aggregate turnover of Sham Ltd. in the preceding financial year is ₹ 42 lakh. The information regarding date of payment, invoice etc. is as follows-

Invoice issued by Mr. Gyan on 15th April

Payment debited in the bank account of Sham Ltd. on 5th May

Date of payment entered in books of accounts of Sham Ltd.: 1st May What is time of supply of services?

- (a) 1st May (b) 5th May (c) 15th June (d) 15th April

Answer: (a)

5. Ms. Pearl is a classical singer. She wants to organize a classical singing function, so she booked an auditorium on 10th August for a total amount of ₹ 20,000. She paid ₹ 5,000 as advance on that day. The classical singing function was organized on 10th October. The auditorium owner issued invoice to Ms. Pearl on 25th November amounting to ₹ 20,000. Pearl made balance payment of ₹ 15,000 on 30th November. Determine the time of supply in this case. -

- (a) Time of supply is 25th November for ₹ 20,000.
(b) Time of supply is 25th November for ₹ 5,000 & 30th November for ₹ 15,000.
(c) Time of supply is 10th August for ₹ 5,000 & 10th October for ₹ 15,000.
(d) Time of supply is 10th October for ₹ 20,000.

Answer: (c)

6. Mr. Avishkar is a painter registered under GST in Delhi. He sends his artwork for exhibition in Mumbai. At what point of time, supply is considered to have been made under GST?

- (a) When painting is completed.
(b) When painting is sent for exhibition in Mumbai.
(c) When painting is displayed at the exhibition in Mumbai.
(d) When painting is purchased by one of the visitors in the exhibition.

Answer: (d)

(d) If payment for supplies along with tax payable thereon under forward charge is not made to the supplier within 1 year from the date of invoice

Answer: (c)

3. If the goods are received in lots/instalment, _____

- (a) 50% ITC can be taken on receipt of 1st lot and balance 50% on receipt of last lot.
- (b) ITC can be availed upon receipt of last lot.
- (c) 100% ITC can be taken on receipt of 1st lot.
- (d) Proportionate ITC can be availed on receipt of each lot/instalment.

Answer: (b)

4. For banking companies using inputs and input services partly for taxable supplies and partly for exempt supplies, which of the following statement is true?

- (a) ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies
- (b) 50% of eligible ITC on inputs, capital goods, and input services shall be mandatorily taken in a month and the rest shall lapse.
- (c) Banking company can choose to exercise either option (a) or option (b)
- (d) ITC shall be compulsorily restricted to credit attributable to taxable supplies excluding zero rated supplies.

Answer: (c)

5. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income-tax Act, 1961. The supplier can-

- (a) avail only 50% of the said tax component as ITC
- (b) not avail ITC on the said tax component
- (c) avail 100% ITC of the said tax component
- (d) avail only 25% of the said tax component as ITC

Answer: (b)

6. ITC of motor vehicles used for making _____ is allowed.

- (i) Transportation of goods
 - (ii) Taxable supplies of transportation of passengers
 - (iii) Taxable supplies of imparting training on driving
- (a) (i) (c) (ii) and (iii)
(b) (i) and (ii) (d) (i), (ii) and (iii)

Answer: (d)

7. Mr. A has a tax invoice [date of issue: 20-1-2021] of services received by him. Its input tax credit is lost, if ITC is not availed on or before

- (a) 20-1-2022
- (b) 31-12-2021
- (c) 20-1-2023
- (d) due date of filing return under Section 39 for September, 2021 or date of filing of annual return for 2020-21, whichever is earlier.

Answer: (d)

8. C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for

₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and

SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520. GST liability of C & Co. for the fourth quarter of the financial year is-

- (a) CGST ₹ 7,500 & SGST ₹ 7,500 (c) CGST ₹ 32,700 & SGST ₹ 3,180
- (b) CGST ₹ 3,180 & SGST ₹ 32,700 (d) CGST Nil and SGST Nil

Answer: (a)

9. Mr. Raghu avails services of Mr. Raja, a Chartered Accountant, as under -

- (i) Audit of financial accounts of Mr. Raghu ₹ 55,000
- (ii) Tax audit and annual accounts filing of Mr. Raghu ₹ 10,000
- (iii) Income-tax return filing of Mr. Raghu's wife

(Salaried-return) ₹ 5,000

All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%.

The accountant of Mr. Raghu has booked the entire expenses of ₹ 70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of

- (a) ₹ 13,500 (b) ₹ 11,700 (c) ₹ 9,900 (d) ₹ 1,800

Answer: (b)

10. TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- (i) Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
- (ii) Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹40,000
- (iii) Intra-State purchases of goods from RR Traders, registered in Rajasthan, for ₹ 65,000

The applicable rate of GST is 18%. There is no opening balance of ITC. All the above amounts are exclusive of taxes. GST liability payable in cash is

- (a) CGST ₹ 1,800 & SGST ₹ 1,800 (c) IGST ₹ 3,600
(b) SGST ₹ 3,600 (d) CGST ₹ 3,600

Answer: (c)

11. Pradeep Traders, registered in Haryana, sold goods inter-State for ₹ 2,05,000 to Balram Pvt. Ltd. registered in Uttar Pradesh (GST is leviable @ 5% on said goods). As per the terms of sales contract, Pradeep Traders has to deliver the goods at the factory of Balram Pvt. Ltd. For this purpose, Pradeep Traders has charged freight of ₹ 2,400 from Balram Pvt. Ltd. GST is leviable @ 12% on freight. What would be the output GST liability in this case assuming that the amounts given herein are exclusive of GST?

- (a) IGST-₹ 37,332
(b) IGST-₹ 10,370
(c) CGST-₹ 18,666 and SGST-₹ 18,666
(d) CGST-₹ 5,185 and SGST-₹ 5,185

Answer: (b)



12. PZY Ltd. is engaged in manufacturing of motor car. The company paid following amount of GST to its suppliers against the invoices raised to it. Compute the amount of ineligible input tax credit under GST law:

S.No.	Particulars	GST Paid (₹)
1.	General insurance taken on cars manufactured by PZY Ltd.	1,00,00,000
2.	Buses purchased for transportation of employees (Seating capacity 23)	25,00,000
3.	Life and health insurance for employees under statutory obligation	6,00,000
4.	Outdoor catering in Diwali Mela organized for employees	3,50,000

- (a) ₹ 9,50,000 (b) ₹ 3,50,000 (c) ₹ 1,31,00,000 (d) ₹ 28,50,000

Answer: (b)

13. Ash & Co, registered in Delhi, is a manufacturer of hardware items. He has purchased a machine on 01.06.2020 for ₹ 59,000 (₹ 50,000 + ₹ 9,000 GST @ 18%). GST of ₹ 9,000 has been claimed by him as ITC. Now, on 01.01.2022, he sold his machinery to an unrelated party, Aggawal & Sons of Rajasthan for ₹ 47,200 (40,000 plus ₹ 7,200 GST @ 18%). Determine how much tax Ash & Co. is liable to pay?

- (a) ₹ 7,200 (b) ₹ 5,850 (c) ₹ 9,000 (d) ₹ 3,150

Answer: (a)

14. P.K. Traders, engaged in manufacturing of taxable as well as exempt goods, purchased a machinery worth ₹ 17,70,000 (₹ 15,00,000 plus ₹ 2,70,000 GST). It capitalized full amount including taxes in the books of accounts and claimed depreciation on it as per provisions of the Income Tax Act, 1961. Compute the amount of ITC that can be claimed by P.K. Traders?

- (a) ₹ 2,70,000
 (b) Zero
 (c) In proportion of taxable and exempt supply
 (d) By decreasing percentage points as prescribed

Answer: (b)

15. ABC Ltd. is a registered pharmaceutical company. The company invented one drug for instant cure of cancer. They supplied free samples of this medicine to various doctors. What will be the tax treatment of these free samples under GST?

- (a) ABC Ltd. is liable to pay tax on supply of free samples and eligible to claim input tax credit.
- (b) ABC Ltd. is not liable to pay tax on supply of free samples but eligible to claim input tax credit.
- (c) ABC Ltd. is neither liable to pay tax on supply of free samples nor eligible to claim input tax credit.
- (d) ABC Ltd. is liable to pay tax on supply of free samples but not eligible to claim input tax credit.

Answer: (c)

16. 4. Calculate the amount of eligible input tax credit-

S. No.	Particulars	GST paid ()
1.	A Mini bus having seating capacity of 15 persons (including driver) used for running on hire	15,00,000
2.	Car having seating capacity of 8 people used for business purposes	1,00,00,000
3.	Car having seating capacity of 4 persons used for imparting training on driving such car	50,00,000
4.	Special purpose vehicle having seating capacity of 2 persons used for transportation of goods	60,00,000

- (a) ₹ 2,25,00,000/-
- (b) ₹ 2,10,00,000/-
- (c) ₹ 1,25,00,000/-
- (d) ₹ 75,00,000/-

Answer: (c)

CASE SCENARIO:

17. PTL Pvt. Ltd. is a retail store of merchandise located in 25 States in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, PTL Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, in order to save employee cost, PTL Pvt. Ltd. purchased a tempo traveller worth ₹ 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees. Further, for ensuring the well-being of its employees, PTL Pvt. Ltd. voluntarily obtained the health insurance cover of ₹2,00,000 for each employee in the same month. The premium of ₹ 1,500 per employee has been paid by the company for 100 employees. (ICAI BOOKLET)

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of ₹ 1,00,000. PTL Pvt. Ltd. engaged Mr. Ram, an advocate,

to represent it in Court for an agreed consideration of ₹ 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February next year.

All the amounts given above are excluding taxes and all transactions are intra-State transactions. Rates of tax are CGST - 9% and SGST - 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST - 14%.

In relation to the above, answer the following questions:

17.1 With respect to “Buy One, Get One free” offer, which of the following statements is true:

- (a) It will not be considered as supply at all since no consideration is involved in one of the items.
- (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.
- (c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.
- (d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.

Answer: (d)

17.2 Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:

- (a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil
- (b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil
- (c) (i) CGST - Nil, SGST - Nil and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
- (d) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000

Answer: (b)

17.3 Which of the following statements is true in respect of the services of advocate availed by the company?

- (a) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
- (b) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of PTL Pvt Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.

7

REGISTRATION

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May-20	Nov-20	Nov-19	May-19
MTP	-	-	-	-	-	-	-	-
RTP	-	-	-	Q15	-	Q14	-	-
ICAI Booklet	Q1-Q16	-	-	-	-	-	-	-

1. The person making inter-State supplies from Madhya Pradesh which is not notified handicraft goods or predominantly hand-made notified products, is compulsorily required to get registered under GST,

- (a) if his aggregate turnover exceeds ₹ 20 lakh in a financial year
- (b) if his aggregate turnover exceeds ₹ 10 lakh in a financial year
- (c) irrespective of the amount of aggregate turnover in a financial year
- (d) in case of making inter-State supply of taxable goods, irrespective of the amount of aggregate turnover in a financial year

Answer: (d)

2. Mr. X, a casual taxable person, is not involved in making taxable supplies of notified handicraft goods or predominantly hand-made notified products. Which of the following statements is true for Mr. X - a casual taxable person?

- (a) Mr. X is not required to take registration under GST under any circumstances.
- (b) Mr. X is required to get registration under GST if the aggregate turnover in a financial year exceeds ₹ 20 lakh.
- (c) Mr. X is required to get registration under GST if the aggregate turnover in a financial year exceeds ₹ 40 lakh.
- (d) Mr. X has to compulsorily get registered under GST irrespective of the threshold limit.

Answer: (d)

3. The registration certificate granted to non-resident taxable person is valid for ___ days from the effective date of registration or period specified in registration application, whichever is earlier.

- (a) 30 (b) 60 (c) 90 (d) 120

Answer: (c)

4. Within how many days a person should apply for registration under GST, apart from provisions of voluntary registration? -

- (a) Within 60 days from the date he becomes liable for registration.
(b) Within 30 days from the date he becomes liable for registration.
(c) No time limits
(d) Within 90 days from the date he becomes liable for registration.

Answer: (b)

5. Xylo & Co. has three branches, in Jalandhar, Amritsar and Ludhiana, in the State of Punjab. Amritsar and Ludhiana branches are engaged in supply of garments and Jalandhar branch engaged in supply of shoes. Which of the following options is/are legally available for registration to Xylo & Co.?

- (i) Xylo & Co. can obtain single registration for Punjab state declaring any one of the branches as principal place of business and other two branches as additional place of business.
(ii) Xylo & Co. can obtain separate GST registration for each of the three branches - Amritsar, Jalandhar and Ludhiana.
(iii) Xylo & Co. can obtain one GST registration for shoe business (Jalandhar branch) and another GST registration which is common for garments business (Amritsar and Ludhiana).
- (a) ii (c) Either i or ii
(b) Either i, ii or iii (d) Either ii or iii

Answer: (c)

6. What is the validity of the registration certificate granted under GST for a normal tax payer?

- (a) One year (c) Valid till it is cancelled
(b) Two years (d) Five years.

Answer: (c)

7. Within how many days an application for revocation of cancellation of registration can be made provided no extension to said time-limit has been granted?

- (a) Within 7 days from the date of service of the cancellation order.
- (b) Within 15 days from the date of the cancellation order.
- (c) Within 45 days from the date of the cancellation order.
- (d) Within 30 days from the date of service of the cancellation order.

Answer: (d)

8. 'P' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'P' Ltd. under the GST law?

- (a) Telangana
- (b) Maharashtra
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Answer: (c)

9. Which of the following statements are correct?

- (i) Revocation of cancellation of registration under SGST/UTGST Act shall be deemed to be a revocation of cancellation of registration under CGST Act.
 - (ii) Cancellation of registration under SGST/UTGST Act shall be deemed to be a cancellation of registration under CGST Act.
 - (iii) Revocation of cancellation of registration under SGST/UTGST Act shall not be deemed to be a revocation of cancellation of registration under CGST Act.
 - (iv) Cancellation of registration under SGST/UTGST Act shall not be deemed to be a cancellation of registration under CGST Act.
- (a) (i) and (ii)
 - (b) (i) and (iv)
 - (c) (ii) and (iii)
 - (d) (iii) and (iv)

Answer: (a)

10. Which of the following persons is required to obtain compulsory registration?

- (a) Persons exclusively engaged in making intra-State supplies, tax on which is to be paid by the recipient on reverse charge basis under section 9(3) of the CGST Act, 2017.
- (b) Persons making inter-State supplies from other than special category states of taxable services up to ₹ 20,00,000

(c) Persons making supplies of services from other than special category states through an ECO required to collect TCS (other than supplies specified under section 9(5) of the CGST Act) with aggregate turnover up to ₹ 20,00,000

(d) Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise.

Answer: (d)

11. A non-resident taxable person is required to apply for registration:

(a) within 30 days from the date on which he becomes liable to registration

(b) within 60 days from the date on which he becomes liable to registration

(c) at least 5 days prior to the commencement of business

(d) within 180 days from the date on which he becomes liable to registration

Answer: (c)

12. Registration certificate granted to casual taxable person or non-resident taxable person will be valid for:

(a) Period specified in the registration application

(b) 90 days from the effective date of registration

(c) Earlier of (a) or (b)

(d) Later of (a) or (b)

Answer: (c)

13. Mr Ram, a jeweller registered under GST in Mumbai, wants to sell his jewellery in a Trade Expo held in Delhi. Which of the following statements is false in his case?

(a) He needs to get registration in Delhi as casual taxable person.

(b) He needs to pay advance tax on estimated tax liability.

(c) He needs to mandatorily have a place of business in Delhi.

(d) He needs to file GSTR-1/ IFF and GSTR-3B for Delhi GSTIN for the month or quarter, as the case may be, when he gets registered in Delhi.

Answer: (c)

14. Prem & Sons had taken GST registration on 1st January, but failed to furnish GST returns for the next 6 months. Owing to this, the proper officer cancelled its registration on 25th July and served the order for cancellation of registration on 31st July. Now, Prem & Sons wants to revoke the cancellation of registration.

Up to which date an application for revocation of cancellation of registration can be filed assuming no extension to said time-limit has been granted?

- (a) 30th August (b) 31st August (c) 25th August (d) 29th October

Answer: (a)

15. Mr. Z of Himachal Pradesh starts a new business and makes following supplies in the first month -

- (i) Intra-State supply of taxable goods amounting to ₹ 17 lakh
(ii) Supply of exempted goods amounting to ₹ 1 lakh
(iii) Inter-State supply of taxable goods amounting to ₹ 1 lakh

Whether he is required to obtain registration, if the aforesaid goods are not handicraft goods or predominantly hand-made products, as notified?

- (a) Mr. Z is liable to obtain registration as the threshold limit of ₹ 10 lakh is crossed.
(b) Mr. Z is not liable to obtain registration as he makes exempted supplies.
(c) Mr. Z is liable to obtain registration as he makes the inter-State supply of goods.
(d) Mr. Z is not liable to obtain registration as the threshold limit of ₹ 20 lakh is not crossed.

Answer: (c)

16. Mr. Rahim wants to start a new business of trading of footwear in Meghalaya. In order to expand his business, he will also make such supplies through e-commerce operator who will collect tax at source. In this respect, he has approached you to seek an advice on GST registration. Determine when he is required to get registered under GST?

- (a) Required to get registered when the turnover reaches the threshold limit of ₹ 40 lakh.
(b) Required to get registered mandatorily irrespective of the turnover limit as he will be making supplies through e-commerce platform.
(c) Required to get registered when the turnover reaches the threshold limit of ₹ 20 lakh.
(d) Required to get registered when the turnover reaches the threshold limit of ₹ 10 lakh.

Answer: (b)



8

TAX INVOICE: CREDIT AND DEBIT NOTES; E-WAY BILL

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May-20	Nov-20	Nov-19	May-19
MTP	-	-	-	-	-	-	-	-
RTP	-	Q6,Q7	-	Q8	-	Q5	-	-
ICAI Booklet	Q1-Q7	-	-	-	-	-	-	-

1. Subhas & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice, if the value of supply of goods to such persons is and the recipient does not require such invoice. (Study material page no. 8.32)

- (a) ₹ 1,200 (b) ₹ 600 (c) ₹ 150 (d) ₹ 200

Answer: (c)

2. In case of taxable supply of services by a non-banking financial company (NBFC) to, other than a distinct person, invoice shall be issued within a period of from the date of supply of service.

- (a) 30 days (b) 45 days (c) 60 days (d) 90 days

Answer: (b)

3. Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:

- (a) before/at the time of supply (c) Earlier of (a) or (b)
 (b) 6 months from the date of removal (d) Later of (a) or (b)

Answer: (c)

4. Invoice shall be prepared in ___ in case of taxable supply of goods and in _____ in case of taxable supply of services.

- (a) Triplicate, Duplicate (c) Duplicate, Duplicate
(b) Duplicate, Triplicate (d) Triplicate, Triplicate

Answer: (a)

5. During the month of May, Z Ltd. sold goods to Y Ltd. for ₹ 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned some of the goods by issuing debit note of ₹ 40,000 in the same month. Z Ltd. records the return of goods by

issuing a credit note of ₹ 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be-

- (a) ₹ 45,900 (b) ₹ 38,700 (c) ₹ 53,100 (d) ₹ 40,000

Answer: (b)

6. Which of the following statements is/are incorrect under GST law: -

- (i) If the supplier has erroneously declared a value which is more than the actual value of goods or services provided, then he can issue credit note for the same.
(ii) If the supplier declared some special discount which is offered after the supply is over, then he cannot issue credit note under GST law for the discount offer.
(iii) If quantity received by the recipient is more than what has been declared in the tax invoice, then supplier can issue debit note for the same.
(iv) There is no time limit to declare the details of debit note in the return.

- (a) (i), (ii) and (iv) (c) (iv)
(b) (i) and (iv) (d) (i) and (iii)

Answer: (c)

7. ABC Ltd. generated e-way bill on 12th February at 14.00 hrs. It used over-dimensional cargo for a distance of 100 km. When the validity period of the e-way bill will expire, if there is no extension of the same?

- (a) Midnight of 13th-14th February
(b) Midnight of 17th-18th February
(c) At 14.00 hrs. of 13th February
(d) At 14.00 hrs. of 14th February

Answer: (b)

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8. Which of the following statements is correct in respect of supply of goods received by the firm which are taxable under reverse charge?

- (i) Firm shall issue a payment voucher at the time of making payment to supplier.
 - (ii) Firm shall issue invoice for supply of goods.
 - (iii) Firm shall issue receipt voucher at the time of making payment to supplier.
 - (iv) Firm is not required to issue any document in respect of such supply.
- (a) i (b) i & ii (c) ii & iii (d) iv

Answer: (a)

Scribble



9

PAYMENT OF TAX

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May-20	Nov-20	Nov-19	May-19
MTP	-	-	-	-	-	-	-	-
RTP	-	-	-	-	-	-	-	-
ICAI Booklet	Q1-Q2	-	-	-	-	-		

1. Balance in electronic credit ledger can be utilized against payment of _____

- (a) output tax
- (b) Interest
- (c) Penalty
- (d) late fees

Answer: (a)

2. Which of the following shall be discharged first, while discharging liability of a taxable person?

- (a) All dues related to previous tax period
- (b) All dues related to current tax period
- (c) Demand raised under section 73 and 74
- (d) No such condition is mandatory.

Answer: (a)

10

RETURNS

Category	Attempts							
	May-22	Nov-21	Oct-21	May-21	May-20	Nov-20	Nov-19	May-19
MTP	-	-	-	-	-	-	-	-
RTP	-	-	-	-	-	Q1	-	-
ICAI Booklet	Q1-Q2	-	-	-	-	-		

1. Kalim & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved w.e.f. 4th September by the proper officer by passing an order for the same on 14th September. In the given case, Kalim & Associates is:

- (a) required to file Final Return on or before 4th December
- (b) not required to file Final Return
- (c) required to file Final Return on or before 30th September
- (d) required to file Final Return on or before 14th December

Answer: (d)

2. The due date of filing Final Return is ___

- (a) 20th of the next month
- (b) 18th of the month succeeding the quarter
- (c) within 3 months of the date of cancellation or date of order of cancellation, whichever is later
- (d) 31st December of next financial year

Answer: (c)

INTEGRATED CASE SCENARIOS

ICAI BOOKLET

1. Mr. Pasupathi, registered taxpayer under GST, is engaged in trading of various types of consumer goods. His turnover in se preceding financial year was below the threshold limit liable for registration.

During the month of April in the current year, he availed the following services -

- (a) GTA services from XYZ Transports (GST was charged @ 5%) – ₹ 35,000
- (b) Renting of Godown premises from Local Municipality– ₹ 40,000
- (c) Legal service availed from a Firm of Advocates – ₹ 50,000

He sold a car used for his personal purposes for ₹ 1,00,000. He disposed off his old computers for ₹ 60,000 on which no ITC was claimed. He also gave away his stock of old consumer goods amounting to ₹ 75,000 (on which he had claimed ITC) to an Orphanage Home.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June entered in the books of accounts on same day and debited in the bank account on 7th June.

He paid repair expenses for truck used for transportation of goods of his business. GST component involved thereon was ₹ 13,000. He arranged for catering for his workers on Labour Day function and paid bill in which GST component was ₹ 15,000. He received first lot of certain goods having GST component of ₹ 25,000.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming ITC have been fulfilled subject to the information given above.

Based on the information given above, choose the most appropriate answer for the following questions: -

1.1 Determine the value of services taxable under reverse charge mechanism?

- (a) ₹ 35,000
- (b) ₹ 75,000
- (c) ₹ 85,000
- (d) ₹ 1,25,000

Answer: (b)

1.2 In respect of sale of personal car and disposal of computer and stock of goods, total value of supply will be _____

- (a) ₹ 60,000
- (b) ₹ 75,000
- (c) ₹ 1,35,000
- (d) ₹ 2,35,000

Answer: (a)

- 1.3 Time of Supply of goods received by Mr. Pasupathi is ____
- (a) 1st May (b) 5th May (c) 5th June (d) 6th June

Answer: (a)

- 1.4 Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi?

- (a) ₹ 28,000 (c) ₹ 40,000
(b) ₹ 38,000 (d) ₹ 13,000

Answer: (d)

2. M/s. Vittal & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm had opted for Composition Scheme from April month of last financial year. It's turnover crossed ₹ 1.50 Crores on 9th May of current financial year and had opted for withdrawal of composition scheme on the said date.

Vittal & Co. removed goods on 10th June for delivery to Suri & Co. on 'Sale or Return Basis'. Suri & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It comprised of the following-

- (a) GST paid on input services intended to be used for personal purposes – ₹ 12,000
(b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) – ₹ 9,000
(c) GST paid on purchase of computer – ₹ 19,000

(GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961)

During May, Vittal and Co. had reversed ITC of ₹ 10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

Supplier Name	Payment is due for (Number of days)	Related ITC Component
XYZ	165	₹ 13,000
ABC	199	₹ 15,000
PQR	99	₹ 20,000



Vittal & Co received accounting services from Raghu & Co., an associated enterprise, located in Sri Lanka. Raghu & Co. issued invoice for the service on 1st September, which was entered by Vittal & Co. in its book on 10th October. But payment was made on 30th September.

All the supply referred above is intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

2.1 Vittal & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in semi-finished / finished goods on the withdrawal of composition scheme by __

- (a) 9th May (b) 23rd May (c) 8th June (d) 7th July

Answer: (c)

2.2 In respect of the goods sent on sale or return basis, Vittal & Co. shall issue the invoice by ____

- (a) 10th June (c) 10th December
(b) 10th September (d) 15th December

Answer: (c)

2.3 Determine the amount of eligible input tax credit that can be availed by Vittal & Co for the month of August?

- (a) Nil (b) ₹ 19,000 (c) ₹ 22,000 (d) ₹ 50,000

Answer: (b)

2.4 Compute the amount of ITC to be reversed for the month of September? Ignore interest liability, if any.

- (a) Nil (b) ₹ 28,000 (c) ₹ 15,000 (d) ₹ 13,000

Answer: (c)

2.5 Time of supply in respect of service imported by Vittal & Co from its Associated Enterprise is __

- (a) 1st September (c) 1st October
(b) 30th September (d) 10th October

Answer: (b)

3.2 Gift of ₹ 50,000 in value provided by Triambak & Co to each of its employee will be - 4

- (a) Supply of goods
- (b) Supply of services
- (c) Both supply of goods and services
- (d) Neither supply of goods nor supply of services

Answer: (d)

3.3 Which of the following statement is correct:-

- (i) Letting out of warehouse to Grushnesh is exempt
 - (ii) Milling of paddy into rice is exempt
 - (iii) Letting out of warehouse to Grushnesh is not exempt
 - (iv) Milling of paddy into rice is not exempt
- (a) i & ii (c) i & iv
(b) iii & iv (d) ii & iii

Answer: (b)

3.4 M/s Triambak & Co is eligible to claim input tax credit of _____

- (a) ₹ 45,000 (b) ₹ 55,000 (c) ₹ 1,00,000 (d) Nil

Answer: (d)

3.5 Compute the GST liability of the firm to be paid in cash, if rule 86B is not applicable?

- (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
- (b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
- (c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
- (d) IGST: 5,000; CGST: Nil , SGST: 10,000

Answer: (a)

4. Ms. Chanchala, is a doctor, registered person under GST, having in- patient facility in her hospital.

She availed interior decoration services from her spouse without any consideration being paid. She also availed IT related services from her sister-in-law without any consideration. Both services were for the purpose of her profession.

Ms. Chanchala provided treatment of various diseases in her hospital and apart from that she also provided the following services in her hospital-

- (a) Plastic surgery to enhance the beauty of the face
- (b) Ambulance service for transportation of patients
- (c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year on 31st October of the next year, whereas due date for the said Annual return is 31st December of the next year.

Proper Officer of the department cancelled the registration certificate of Ms. Chanchala suo -motu on 31st July. Order of cancellation was served on 5th August. However, she applied for re vocation of the same and got her registration restored back.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

From the information given above, choose the most appropriate answer for the following questions-

4.1 Which of the following is a correct statement as per the provisions of CGST Act, 2017?

- (i) Service availed from her Spouse is a deemed supply
 - (ii) Service availed from her Sister-in-Law is a deemed supply
 - (iii) Service availed from her Spouse is not a deemed supply
 - (iv) Service availed from her Sister-in-Law is not a deemed supply
- (a) (i) and (iv) (b) (iii) and (iv) (c) (ii) and (iii) (d) (i) and (ii)

Answer: (a)

4.2 Compute the taxable value of supply of canteen service provided by Ms. Chanchala?

- (a) ₹ 25,000 (b) ₹ 35,000 (c) ₹ 60,000 (d) ₹ 80,000

Answer: (c)



4.3 By which date Ms. Chanchala should have applied for revocation of cancellation of registration certificate, in case no extension is granted?

- (a) 5th August (c) 30th August
(b) 20th August (d) 4th September

Answer: (d)

4.4 Maximum time permissible for rectification of error committed in monthly return of June is ____

- (a) 20th July (c) 31st October of the next year
(b) 20th October of the next year (d) 31st December of the next year

Answer: (b)

4.5 Determine which of the following services provided by Ms. Chanchala and her hospital is exempt from GST?

- (i) Plastic surgery to enhance the beauty of the face
(ii) Ambulance service for transportation of patients
(iii) Renting of space to run medical store in hospital premises
(iv) Consultancy service by Ms. Chanchala in other hospitals
- (a) (i), (ii) & (iv) (c) (ii) & (iv)
(b) (i), (ii) (d) (i) & (iii)

Answer: (c)

5. M/s. Visali & Co, a Partnership firm, is engaged in manufacturing of equipment in the State of Kerala.

The firm became liable for registration on 10th July. It applied for registration on 10th August and was granted registration certificate by 14th August.

The firm received sponsorship services from "Leisure Treat Bay Private limited" for conducting a business expo. It received a consignment from M/s. Safe Logistics, a GTA, which charged 6% each CGST and SGST for its services. It also received security services from Prompt Security Agency Pvt. Ltd.

The firm had opted for composition levy and its turnover for the quarter ending September was ₹ 14 lakh, out of which taxable supply amounted to ₹ 10 lakh and exempt supply amounted to ₹ 4 lakh.

The firm made a supply of equipment to an unrelated limited company in the month of October having market value of ₹ 12 lakh, wholesale value of ₹ 13 lakh and maximum retail price was ₹ 14 lakh. However, the transaction was made at ₹ 11 lakh.

The firm belatedly paid the tax amounting to ₹ 40,000 for the quarter ending December on 09th February of the succeeding year.

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All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the information given above, choose the most appropriate answer for the following questions-

5.1 The effective date of registration of M/s. Visali & Co is ____

- (a) 10th July (c) 10th August
(b) 9th August (d) 14th August

Answer: (d)

5.2 Amongst the services availed by M/s. Visali & Co, which of the following services are taxable under reverse charge mechanism?

- (i) Sponsorship services received from Leisure Treat Bay Pvt. Ltd. Co.
(ii) GTA Services received from Safe Logistics
(iii) Security Services received from Prompt Security Agency Pvt. Ltd.
(a) i (c) i & iii
(b) i & ii (d) ii & iii

Answer: (a)

5.3 Determine the value of supply of equipment under section 15(1) of CGST Act, 2017 made by M/s. Visali & Co. in the month of October?

- (a) ₹ 14 lakh (b) ₹ 13 lakh (c) ₹ 12 lakh (d) ₹ 11 lakh

Answer: (d)

5.4 Compute the tax payable by the firm for the quarter ending September under CGST and SGST?

- (a) ₹ 5,000 each (c) ₹ 10,000 each
(b) ₹ 7,000 each (d) ₹ 35,000 each

Answer: (b)

5.5 Compute the interest payable by the firm for the belated payment of tax?

- (a) ₹ 395 (b) ₹ 434 (c) ₹ 414 (d) ₹ 552

Answer: (b)



6. Ms. Riya is a multi-faceted business personality. She is registered under GST from April, this year.

She supplied a package consisting of stapler, calculator and charger at a single price of ₹ 300. Rate of GST for stapler, calculator and charger is 5%, 12% and 18% respectively.

She wants to opt for composition levy.

She received following payments during the month of May:

- earned ₹ 160,000 by performing a western music in a cultural event at a Resort
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as a boutique.
- received ₹ 70,000 by way of rent for letting of agro machinery Ms. Riya made a supply during June, details of which are as follows-
- Basic price of the product before TCS under Income Tax Act, 1961 – ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- She received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to saving energy

Ms. Riya provides the following information regarding receipt of inward supply during July-

- received invoice for goods having GST component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.
- purchased a car having GST component of ₹ 1,50,000 for the usage in a driving school owned by her for imparting training
- availed health insurance service for her employees on her own voluntarily and paid GST of ₹ 7,000 thereon

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above.

From the information given above, choose the most appropriate answer for the following questions: -

6.1 What would be the nature of supply and the applicable rate of GST for the supply of package made by Ms. Riya (when not registered under composition scheme): -

- (a) composite Supply & applicable rate 12%
- (b) mixed Supply & applicable rate 18%
- (c) composite Supply & applicable rate 18%
- (d) mixed Supply & applicable rate 12%
- (d) ii, iii & iv

Answer: (b)

- 6.2 Out of payments received by Ms. Riya in month of May, exempt Supply amounts to _
- (a) ₹ 50,000 (b) ₹ 70,000 (c) ₹ 1,20,000 (d) ₹ 1,60,000

Answer: (b)

- 6.3 Compute the value of supply under section 15 of CGST Act, 2017 made by Ms Riya?
- (a) ₹ 45,000 (b) ₹ 47,500 (c) ₹ 48,500 (d) ₹ 51,000

Answer: (a)

- 6.4 Compute the amount of input tax credit that can be claimed by Ms. Riya?
- (a) ₹ 30,000 (b) ₹ 37,000 (c) ₹ 1,50,000 (d) ₹ 1,57,000

Answer: (c)

7. M/s. Shanky Consultants, a partnership firm, registered in Delhi, as a regular tax payer, renders following services during the year:

- (i) Security services: ₹ 2,00,00,000 to registered business entities.
- (ii) Manpower services (Accountants): ₹ 5,00,000
- (iii) Auditing services: ₹ 1,00,00,000 Other Information:
- (i) Shanky Consultants also paid sponsorship fees of ₹ 70,000 at seminar organized by a private NGO (a partnership firm) in Delhi.
- (ii) Shanky Consultant pays rent amounting to ₹ 6,00,000 for a building owned by Municipal Corporation of Delhi.
- (iii) Assume all services are taxable at 18% and all transactions to be intra-State supplies.

Based on the above information, answer the following questions:

- 7.1. What is the aggregate turnover of Shanky Consultants?
- (a) ₹ 3,05,00,000 (b) ₹ 3,05,70,000 (c) ₹ 1,05,00,000 (d) ₹ 1,05,70,000

Answer: (a)

- 7.2. GST liability paid under reverse charge by Shanky Consultants
- (a) CGST: ₹ 60,300, SGST: ₹ 60,300 (c) CGST: ₹ 54,000, SGST: ₹ 54,000
- (b) CGST: ₹ 6,300, SGST: ₹ 6,300 (d) None of the above

Answer: (a)

7.3. State which of the following statement is true in respect of security services provided by Shanky Consultants to registered business entities: -

- (a) Shanky Consultants shall issue GST compliant tax invoice.
- (b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".
- (c) Shanky Consultants can issue any document in lieu of tax invoice.
- (d) Shanky Consultants shall issue receipt voucher every time, it receives payment.

Answer: (a)

8. Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July. (Also, in MTP Nov 2021 & RTP Nov 2020)

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed input services amounting to ₹ 1,75,000 in relation to an output service to be provided in the month of August.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST - 9%.

In relation to the above, answer the following questions:

8.1 The effective date of registration for Mr. Kumar is-

- (a) 30th June
- (b) 15th July
- (c) 25th July
- (d) 16th July

Answer: (a)

8.2 Mr. Kumar can issue a revised tax invoice till-

- (a) 23rd October
- (b) 8th September
- (c) 25th September
- (d) 25th August

Answer: (d)

8.3 Eligible input tax credit available with Mr. Kumar for the month of July is-

- (a) CGST ₹ 40,500 & SGST ₹ 40,500
- (b) CGST ₹ 15,750 & SGST ₹ 15,750

- (c) CGST ₹ 56,250 & SGST ₹ 56,250 (d) CGST ₹ 36,000 & SGST ₹ 36,000

Answer: (c)

8.4 The time of supply of services provided by Mr. Kumar to Mr. Ram is -

- (a) 7th August (b) 1st August (c) 29th August (d) 6th August

Answer: (a)

8.5 If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability pertaining to July month, out of the total tax liability for the September quarter, will be-

- (a) CGST Nil and SGST Nil (c) CGST ₹ 18,000 & SGST ₹ 18,000
(b) CGST ₹ 54,000 & SGST ₹ 54,000 (d) CGST ₹ 78,150 & SGST ₹ 78,150

Answer: (c)

9. Ms. Neha is engaged in supply of services. She is registered under GST and has opted to pay tax under composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June was ₹ 12,00,000.

During July, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July.

She supplied an order to Breathe Well LLP on ex factory basis, the details of which are as follows-

i. Basic price of the product	–	₹ 53,000
ii. Outward freight	–	₹ 12,000
iii. Packing Charges	–	₹ 5,000
iv. Discount given on receiving payment–		₹ 2,000

(Not included in invoice and there was not any agreement for the same)

For supplies, provided to Breathe Well LLP, she received half of the amount in advance on 22nd July. The goods were dispatched from her factory on 25th July and delivered on 28th July. She raised the invoice on 30th July and the balance payment was also received on the same date.

Ms. Neha received 25 invoices from various suppliers involving GST of ₹ 1,50,000 for the month of July. While filing GSTR-3B for the said month on 20th August, she found that only 20 invoices involving GST of ₹ 1,00,000 were uploaded by the suppliers.

Ms. Neha supplied goods to the following persons-

Sl. No.	Recipient	Value of Supply
1	Mr. Pawan - an unregistered person	₹ 150
2	Mr. Umesh, a registered person	₹ 110
3	Rains Trust, an unregistered entity	₹ 250

None of the above persons requires a tax invoice.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

From the information provided above, choose the most appropriate answer for the following questions-

9.1 Compute the tax liability for the quarter ending June under CGST and SGST?

- (a) ₹ 30,000 each (b) ₹ 12,000 each (c) ₹ 6,000 each (d) ₹ 36,000 each

Answer: (d)

9.2 Compute the value of Supply made by Ms. Neha to Breathe Wall LLP?

- (a) ₹ 56,000 (b) ₹ 58,000 (c) ₹ 68,000 (d) ₹ 75,000

Answer: (b)

9.3 Determine the amount of ITC that can be claimed by Ms. Neha for the month of July?

- (a) ₹ 1,00,000 (b) ₹ 1,10,000 (c) ₹ 1,05,000 (d) ₹ 1,50,000

Answer: (c)

9.4 Determine the time of supply made to Breathe Wall LLP?

- (a) 22nd July (b) 25th July (c) 28th July (d) 30th July

Answer: (b)

9.5 Ms. Neha need not issue tax invoice to which of the following persons but required to issue a consolidated tax invoice?

- (a) Mr. Pawan
 (b) Mr. Pawan and Umesh
 (c) Mr. Pawan and Rains Trust

(d) Need not issue invoice to all the three persons

Answer: (a)

10. Poorva Logistics is a Goods Transport Agency registered under GST. It provided GTA services (taxable @ 5%) to the following persons-

- (a) Kunal Traders, an unregistered Partnership firm
- (b) Mr. Amar, who is not registered under GST
- (c) Small Traders co-operative society registered under Societies Registration Act

In a particular consignment, Poorva Logistics transported the following-

- (a) Defence Equipment
- (b) Railway equipment's
- (c) Organic Manure

Poorva Logistics opted to charge GST @ 12% from April, next year. It provided GTA Services to Bama Steels Pvt. Ltd. on 1st April and issued an invoice dated 5th May. Payment was received on 6th May.

It provided both inter-State and intra-State service to various registered as well as unregistered persons.

Based on the information provided above, choose the most appropriate answer for the following questions-

10.1 Which of the following persons are liable to pay GST on reverse charge in respect of the GTA services (taxable @ 5%) provided by Poorva Logistics

- (i) Kunal Traders
 - (ii) Mr. Amar
 - (iii) Small Traders Co-operative society
- (a) i & ii (b) ii & iii (c) i & iii (d) i, ii & iii

Answer: (c)

10.2 Out of items transported by Poorva Logistics, which of the following is/ are exempt from GST?

- i. Defence equipment
 - ii. Railway equipment's
 - iii. Organic Manure
- (a) i (b) i & ii (c) i & iii (d) i, ii & iii

Answer: (c)

10.3 What will be the time of supply in respect of the services provided by Poorva Logistics to Bama Steels Pvt. Ltd.?

- (a) 6th May (b) 5th May (c) 30th May (d) 1st April

Answer: (d)

10.4 Which of the following statements is correct in respect of services provided by Poorva Logistics to Bama Steels Pvt. Ltd.

- (a) Bama Steels Pvt. Ltd. is liable to pay GST
(b) Poorva Logistics is liable to pay GST
(c) Service provided by Poorva Logistics to Bama Steels Pvt. Ltd. is exempt under GST

Bama Steels Pvt. Ltd. is liable to pay 50% GST and remaining 50% will be paid by Poorva Logistics

Answer: (b)

11. Vedanshi & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October. It had inputs held in stock, semi-finished and finished goods. The firm was granted certificate of registration on 5th November.

Vedanshi & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

In the month of November, the firm received 80 invoices for various inward supplies on which total GST paid was ₹ 8 lakh. However, only 60 invoices involving GST of ₹ 7.70 lakh was uploaded in GSTR-1 by the respective suppliers.

Also, while filing return for the month of November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank.

All the supplies referred above are intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

From the information provided above, choose the most appropriate answer for the following questions-

11.1 Determine the effective date of registration of Vedanshi & Co.?

- (a) 1st April (c) 10th October
(b) 1st October (d) 5th November

Answer: (b)

11.2 Vedanshi & Co. is eligible to claim ITC in respect of inputs held in stock as on -

- (a) 30th September (b) 1st October

- (c) 10th October (d) Not eligible to claim ITC

Answer: (a)

11.3 Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e way bill?

- (a) Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.
- (b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
- (c) Information in Part-B is neither required in transport of consignment from Godown of Vedanshi & Co. to transporter location nor from transporter location to consignee's location.
- (d) Information in Part-B is mandatory in in transport of consignment from Godown of Vedanshi & Co. to transporter location and from transporter location to consignee's location.

Answer: (a)

11.4 Compute the amount of ITC that can be claimed by Vedanshi & Co for the month of November?

- (a) ₹ 7,50,000 (b) ₹ 8,00,000 (c) ₹ 8,25,000 (d) ₹ 6,75,000

Answer: (b)

11.5 Determine the validity of E-Challan generated by Vedanshi & Co. for payment of taxes for the month of November?

- (a) 5th December (b) 15th December (c) 20th December (d) 31st December

Answer: (c)

12. Safe Bank Ltd., a small finance bank, was incorporated in April this year. The bank got registered under GST immediately on its incorporation as a banking company.

Safe Bank Ltd. received software support service free of cost from its Head office (HO) located in United Kingdom for business purpose in April. Safe Bank Ltd. provided one high end laptop worth ₹ 50,000 to its new Managing Director (MD) as a gift for discharge of his duties.

Initially the bank opened 125 branches across India covering various States. In order to secure business, the bank appointed 'Quick Loan Providers LLP,' a direct selling agent, on PAN India basis. The bank was in need of services of recovery agents for various retail and personal loans granted by its branches. For this purpose, the bank appointed 'Fast Recovery Services Pvt. Ltd.', a recovery agent, on PAN India basis.

Safe Bank Ltd. provided the following details for the month of May, in respect of one of its branches:

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Sl.no	Nature of receipt	Amount in
i.	Interest received on Term Loan	10,75,000
ii.	Interest received on credit card transactions	6,20,000
iii.	Interest received on Fixed Deposit held with SBI, Mumbai	25,00,000
iv.	Commission received on Letter of Credit issued	3,00,000
v.	Documentation charges collected from borrowers	1,25,000
vi.	Sale of foreign exchange to Bank of Rajasthan, an authorized dealer	15,60,000

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-state unless specified otherwise.

Based on the information given above, choose the most appropriate answer for the following questions-

12.1 Which of the following statements is correct under GST law?

- (i) Receipt of software support service by Safe Bank Ltd. from HO is supply.
(ii) Issue of laptop to new MD as gift is supply.
(iii) Receipt of software support service by Safe Bank Ltd. from HO is not a supply.
(iv) Issue of laptop to new MD as gift is not a supply.
- (a) (i) & (ii) (c) (ii) & (iii)
(b) (i) & (iv) (d) (iii) & (iv)

Answer: (b)

12.2 In respect of services availed by Safe Bank Ltd., the bank shall pay tax under reverse charge for which of the following services?

- (a) Service availed from 'Quick Loan Providers LLP'
(b) Service availed from 'Fast Recovery Services Pvt. Ltd.'
(c) Both (a) and (b)
(d) None of the services availed attracts RCM

Answer: (b)



12.3 Compute the value of exempt supply provided by the branch of Safe Bank Ltd. for the month of May?

- (a) ₹ 15,00,000 (b) ₹ 41,95,000 (c) ₹ 51,35,000 (d) ₹ 66,95,000

Answer: (c)

12.4 Compute the value of taxable supply made by the branch of Safe Bank Ltd. for the month of May?

- (a) ₹ 10,45,000 (b) ₹ 21,20,000 (c) ₹ 36,80,000 (d) ₹ 61,80,000

Answer: (a)

13. KBC Insurance Ltd., is an insurance company providing life and non- life products across India. The company is carrying on its business for the past three years with the approval of IRDA.

KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

KBC Insurance Ltd. provided the following details of insurance business for the month of May-

Sl. no	Nature of receipt	Amount in
i.	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special perils policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹ 250 Crores with a premium of ₹ 50 lakh. The company issued the said policy on 1st July. Invoice for the same was issued on 5th August. Premium was received on 14th August.

KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

- i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000
- ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back-₹3,00,000
- iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Based on the information given above, choose the most appropriate answer for the following questions-

13.1 Determine the services on which the company is liable to pay tax under reverse charge?

- (a) Service availed from insurance agents
- (b) Service availed from RR Travels Private Limited
- (c) None of the services availed attracts RCM
- (d) Both (a) & (b)

Answer: (a)

13.2 Compute the total value of exempt supply provided by KBC Insurance Ltd. for the month of May?

- (a) ₹ 9,00,000
- (b) ₹ 13,00,000
- (c) ₹ 20,00,000
- (d) ₹ 32,00,000

Answer: (a)

13.3 Compute the total value of taxable supply made by KBC Insurance Ltd. for the month of May?

- (a) ₹ 4,00,000
- (b) ₹ 12,00,000
- (c) ₹ 23,00,000
- (d) ₹ 32,00,000

Answer: (c)

13.4 Determine the amount of ITC that can be claimed by KBC Insurance Ltd?

- (a) ₹ 80,000
- (b) ₹ 3,00,000
- (c) ₹ 3,80,000
- (d) ₹ 8,80,000

Answer: (c)

13.5 Determine the time of supply of service provided to IPL franchisees?

- (a) 1st July (b) 16th August (c) 05th August (d) 14th August

Answer: (c)

14. M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects. (ICAI BOOKLET) (RTP May 2021)

The firm has let out on hire the following vehicles-

- i. A motor vehicle to carry more than 15 passengers to a State Government Electricity Department
- ii. An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation
- iii. An electric operated vehicle to carry up to 12 passengers to State Transport Undertaking

The firm provided the following additional information for the month of October:

- i. Works contract services were availed for construction of immovable property being plant and machinery, where value of GST component was ₹ 1,10,000.
- ii. GST amounting to ₹ 70,000 was paid on account of demand of the Department due to fraud in payment of tax.
- iii. Goods valuing ₹ 10,00,000, (GST on the same - ₹ 1,00,000) were received 180 days ago (invoice also issued on the date of receipt of supply) for which payment has been made till date to an extent of ₹ 4,00,000 towards value, ₹ 40,000 towards tax.

The firm issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000

The firm received certain supply of goods amounting to ₹ 8,40,000 from registered persons on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above are intra-State. All the conditions for availing ITC have been fulfilled subject to the information given above.

From the information given above, choose the most appropriate answer for the following questions:-

14.1. In respect of vehicles let out on hire by the firm, services that are exempt from GST are

- (i) Letting on hire a motor vehicle to State Electricity Department
- (ii) Letting on hire an electric operated vehicle to Local Municipality
- (iii) Letting on hire an electric operated vehicle to State Transport Undertaking

- (a) (i) (c) (i) and (iii)
(b) (ii) (d) (ii) and (iii)

Answer: (b)

14.2. Determine the amount of eligible ITC to be claimed by the firm for the month of October.

- (a) ₹ 70,000 (b) ₹ 1,10,000 (c) ₹ 1,80,000 (d) Nil

Answer: (b)

14.3. Determine the amount of ITC to be added to the output tax liability. (Ignore interest)

- (a) ₹ 40,000 (b) ₹ 60,000 (c) ₹ 1,00,000 (d) Nil

Answer: (b)

14.4. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?

- (i) Debit note is to be issued for ₹ 75,000.
(ii) Credit note is to be issued for ₹ 75,000.
(iii) Debit note is to be issued for ₹ 45,000.
(iv) Credit note is to be issued for ₹ 45,000.
- (a) i & iii (b) ii & iii (c) i & iv (d) ii & iv

Answer: (c)

14.5. Which of the following statements is correct in respect of supply of goods amounting to ₹ 8,40,000 received by the firm which are taxable under reverse charge?

- (i) Firm shall issue a payment voucher at the time of making payment to supplier.
(ii) Firm shall issue invoice for supply of goods.
(iii) Firm shall issue receipt voucher at the time of making payment to supplier.
(iv) Firm is not required to issue any document in respect of such supply.
- (a) i (b) i & ii (c) ii & iii (d) iv

Answer: (a)

15. MM Charitable Trust is registered under section 12AB of the Income- tax Act, 1961. (Also, in RTP Nov 2021)

The trust conducted a three-day residential yoga camp among people on the occasion of international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food.

The trust also conducted programmes for the advancement of education of persons aged above 65 years in metro cities. A nominal fee was charged for the same.

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The trust received following donations during the month of September: -

- i. Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels -trusted by all".
- ii. Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

The following are the details of GST payment made by the firm-

- i. GST of ₹ 1,75,000 was paid for the purchase of motor vehicle for transportation of needy persons (Seating capacity including driver is 13).
- ii. GST of ₹ 2,45,000 was paid for works contract services availed from Super Builders for construction of Trust's office building.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra-State only. Conditions for availing ITC are fulfilled subject to the above- mentioned information.

Based on the information given above, choose the most appropriate answer for the following questions -

15.1 Which of the following activities conducted by trust is exempt from GST?

- | | |
|------------------------------|-------------------------------|
| (a) Advancement of Yoga | (c) Both (a) and (b) |
| (b) Advancement of education | (d) Neither of the activities |

Answer: (a)

15.2 Determine the value of taxable supply in respect of donations received by the Trust?

- | | | | |
|--------------|--------------|----------------|---------|
| (a) ₹ 25,000 | (b) ₹ 75,000 | (c) ₹ 1,00,000 | (d) Nil |
|--------------|--------------|----------------|---------|

Answer: (b)

15.3 Compute the amount of input tax credit that can be claimed by the Trust?

- | | | | |
|----------------|----------------|----------------|---------|
| (a) ₹ 1,75,000 | (b) ₹ 2,45,000 | (c) ₹ 4,20,000 | (d) Nil |
|----------------|----------------|----------------|---------|

Answer: (d)



15.4 Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust?

- (a) Renting of community hall is taxable while renting of commercial shop is exempt.
- (b) Renting of community hall is exempt while renting of commercial shop is taxable.
- (c) Both renting of community hall and renting of commercial shop are taxable.
- (d) Both renting of community hall and renting of commercial shop are exempt.

Answer: (b)

16. Mr. Dhev is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from July month.

He availed godown construction services for business from his brother-in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who was a Chartered Accountant and his son was not dependent on him. Mr. Dhev did not pay anything for both the services as both of them were his relative / family member respectively.

On the basis of advice of his son, Mr. Dhev made the supply of tiles within his State only. He reached a turnover of ₹ 7 lakh as on 31st October. However, he planned to expand his business to other States since he received decent orders from other States also.

During the month of December, he received a consignment of tiles from Rajasthan through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 12%. Mr. Dhev paid the invoice amount in the month of December itself. This was an inter-State transaction.

During the month of January, Mr. Dhev made his first inter-State supply to Tamil Nādu on 4th January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes. Payment for the said inter-State supply was received on 28th February. Invoice was raised by Mr. Dhev on 25th January.

All the figures given above are exclusive of taxes wherever applicable.

Based on the information given above, choose the most appropriate answer for the following questions-

16.1 In respect of services availed by Mr. Dhev, which of the following is a correct statement?

- (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply
- (b) Professional service availed from his son free of cost is considered as a deemed supply
- (c) Neither of the services is a deemed supply
- (d) Both services are deemed supply

Answer: (b)

16.2 Up to which limit of aggregate turnover Mr Dhev can continue to supply goods without registration within his state, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?

- (a) ₹ 20 lakh (b) ₹ 40 lakh (c) ₹ 10 lakh (d) ₹ 150 lakh

Answer: (a)

16.3 What is the tax liability for the freight charges?

- (a) ₹ 6000 of IGST under reverse charge
(b) ₹ 6000 of IGST under forward charge
(c) ₹3000 each under CGST and SGST under reverse charge
(d) Nil as it is exempt

Answer: (d)

16.4 Which of the following statement is correct with respect to liability of Mr. Dhev to register under GST?

- (a) Mr. Dhev is liable to register in the month of December for receipt of GTA services.
(b) Mr. Dhev is liable to register in the month of January for effecting inter-State outward supply of goods.
(c) Mr. Dhev is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
(d) Mr. Dhev is not required to register as it is his first year of business.

Answer: (b)

16.5 What is the time of supply of goods made by Mr Dhev during January?

- (a) 4th January (b) 25th January (c) 3rd February (d) 28th February

Answer: (a)

17.2 Compute the taxable value of supply of canteen service provided by Ms. Adisha?

- (a) ₹ 25,000 (c) ₹ 60,000
(b) ₹ 35,000 (d) ₹ 80,000

Answer: (c)

1.3 Ms. Adisha should have applied for revocation of cancellation of registration certificate by

- (a) 5th August (c) 30th August
(b) 20th August (d) 4th September

Answer: (d)

1.4 Maximum time permissible for rectification of error committed in monthly return of June is

- (a) 20th July
(b) 20th October of the next year
(c) 31st October of the next year
(d) 31st December of the next year

Answer: (b)

1.5 Determine which of the following services provided by Ms. Adisha and her hospital is exempt from GST?

- (i) Plastic surgery to enhance the beauty of the face
(ii) Ambulance service for transportation of patients
(iii) Renting of space to run medical store in hospital premises
(iv) Consultancy service by Ms. Adisha in other hospitals
- (a) (i), (ii) & (iv) (c) (ii) & (iv)
(b) (i), (ii) (d) (i) & (iii)

Answer: (c)



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